

# *International Bank Note Society Journal*

№1730331

ПЯДЕСЯТЬ

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ОБЪЯВИТЕЛЮ СЕЙ ГОСУДАРСТВЕННОЙ АССИГНАЦИИ  
ПЛАТИТЬ АССИГНАЦИОННЫЙ БАНКЪ ПЯДЕСЯТЬ РУБ-  
ЛЕЙ ХОДЯЧЕЮ МОНЕТОЮ 1808 ГОДА.

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**Russian Paper Money from Its Origin to 1843**

**Volume 31, No. 3, 1992**



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# I.B.N.S. Journal

Volume 31, No. 3, 1992

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## President's Message

It is with extreme sadness that I report the death of Jimmie Lawrence, I.B.N.S. President from 1964 to 1972, who passed away on May 7 at the age of 76 at his home in South Africa. An I.B.N.S. charter member, whose eight-year tenure as president is the longest of any, Jimmie was one of those key people without whom I.B.N.S. would have never survived infancy, much less have become what it is today. Jimmie was a friend to many, and his presence will be keenly missed.

A number of members have asked me about my "vision" for I.B.N.S. during my term as your President. But before I answer that question, let me offer you my assessment of I.B.N.S. today. We, and I can't over emphasize that word "we," are first and foremost an educational organization, and in fact are incorporated as such in the United States under the nonprofit laws of the District of Columbia. We perform our educational function in a number of ways: by sponsoring or co-sponsoring with other groups numerous shows world-wide, shows at which educational activities such as lectures and exhibits are not only an integral part but are a condition for I.B.N.S. sanction; our scholarly *Journal* is recognized as one of, if not the, best in the world for its educational content and superb style and format; our two libraries, one in the U.S. and the second in Europe, contain a wealth of research material, much of which is unavailable anywhere else, that is available for loan to members simply for the asking; research assistance can be had for the price of a postage stamp on a letter to the I.B.N.S. Research Assistance Coordinator; periodically the society publishes books, authored by Society members who are renowned experts in their fields, on various world paper money topics. Other things available to the members to enrich their experience in the hobby are our two yearly "members only" auctions, our directory which helps members identify and correspond with others who share their interests, and a *Newsletter* which keeps members abreast of what's going on in the Society. While no organization is or ever can

continued on page 4

## Editor's Column

A trio of our members have just authored books on paper money.

The truly wonderful, *The Comprehensive Catalog of U.S. Paper Money* (fifth edition), is authored by long time I.B.N.S. member Gene Hessler. Gene is also editor of *Paper Money*, the journal of the Society of Paper Money Collectors. This book is, as the title suggests, a thorough look at all currency emissions of the U.S. Treasury from the War of 1812 to the present. It is filled with many new features including marvelous color photos of the printing of notes at the U.S. Bureau of Engraving and Printing. The pre-catalog section on the history of paper money is a special treat. The much-anticipated fourth edition of *Confederate and Southern States Currency* is now available. Written by Life Member # 12 (Col.) Grover C. Criswell, Jr., this is the definitive work on this popular American subject. The new volume has much more information than its predecessor. For example, counterfeit notes have been catalogued for the first time. Our I.B.N.S. first vice-president, Lance Campbell has seen his second edition of *Prisoner-of-War and Concentration Camp Money of the Twentieth Century* released. This is now the recognized catalog and source of information on this important topic. Much new material is included in this volume — indeed the book grew by more than a third since the first edition came out just three years ago. This growth is a tribute to the tenacious research Lance does on this topic. Another I.B.N.S. member, Fred Schwan (BNR Press) is the publisher of all three volumes. I wish to urge our members to support these efforts and obtain copies of these great books. Bravo Gene, Grover, and Lance!

As mentioned in my last column, the *Index to the Journal* (covering Volumes 1-30) is available for the asking. Simply write to me at the address shown at the right.

Best Regards,  
Steve Feller, Editor

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*President's Message*  
continued from page 1

be "all things to all people," your I.B.N.S. certainly does make available to its members a wealth of information, resources and services. Thanks to the many wonderful people in I.B.N.S., past and present, it's all there for you just for the asking.

As an example, consider the following. Thanks to the efforts of Michael Turner, LM-59, who spent more than two years researching and compiling it, an *Index to Volumes 1-30* of *The I.B.N.S. Journal* has been published and is available to the membership. An exceptionally significant contribution to the hobby, the *Index* is an invaluable research tool which any member can obtain, without charge, by writing our journal editor, Steve Feller, and requesting a copy.

Now as to my "vision for the future." If there is one word to describe it, it would have to be "service": service to the I.B.N.S. members and to the hobby as a whole. Service comes in many guises, though, and one thing we all have to keep uppermost in our minds, whether a receiver or a provider of that service, is that your I.B.N.S. is a *volunteer* organization. Things "that happen" happen because they are done by people who do them because they *want* to, not because they have to or are paid to. As Ruth Hill so aptly advised me over a decade ago, in I.B.N.S. it's a "labor of love," and the "reward" is internal. I suppose, then, my foremost goal is to identify and motivate more good people in I.B.N.S. to be "doers" who will make things happen. This having been said, here are some of what I'd like to see I.B.N.S. accomplish during the next two years:

1. Further enhance I.B.N.S.'s prestige and reputation as *the* premier organization for paper money collectors.
2. Increase membership in the Society, both by attracting new and retaining current members. Each member can play a role in this. If you find your membership in I.B.N.S. rewarding, recruit one or more of your fellow collecting friends who are not members to join. If, on the other hand, you find that your membership doesn't meet your needs to expectations, tell me why and what you would like I.B.N.S.

to do that we're not doing now.

3. Foster increased membership in, strengthen and, where necessary, revitalize our chapters. Geography dictates that, by and large, we are a corresponding society. Yet one of the great benefits of membership in I.B.N.S. comes from camaraderie developed when members get together, share interests and socialize. Active chapters can provide this opportunity.

4. Improve the way collecting interests are listed and shown in the *Directory*, making it easier for members to identify others with similar interests. Target is the 1993 *Directory*.

5. Streamline the grievance and disciplinary procedures so that cases can be handled more rapidly and efficiently. Much as already been done in this regard, but much remains. The overwhelming majority of I.B.N.S. members are fine, upstanding people whose dealings and relations with their fellow members are above reproach. Unfortunately, like any group, we get among our midst from time to time a few "bad apples," unethical individuals whose conduct is not in keeping with the high standards which members have a right to expect of each other. I.B.N.S. is not, and shall not become a bill-collecting agency or a medium for resolution of personality conflicts between members. However, the Society does have a duty to its members to police itself. I.B.N.S. must provide a fair and just forum in which members can submit their grievances and documented charges of unethical conduct, secure in the knowledge that such conduct, if substantiated, will result in swift and effective disciplinary action against the perpetrator, with timely warning to the members so that others might not fall subject unwittingly to his or her prey.

My almost fifteen year association with I.B.N.S. has been one of the most rewarding of any I have had. I feel ever thankful, and occasionally somewhat overawed, by the accomplishments of my predecessors in the office of president. I look forward to continuing in their tradition and, with your help, making an outstanding I.B.N.S. even better.

Best regards,  
Clyde Reedy, President

## Letters to the Editor

### Dear Editor,

Having been a private (and perhaps somewhat iconoclastic) collector of bank notes and exnumia for some years, I admittedly should have been subscribing to *The Journal* all along. That I did not is more the result of isolation than ignorance, I hope.

In any event, my new subscription brought No. 1, 1992, and the article on Bon Towarowy by Mr. Hansen added immeasurably to the enjoyment of my collection of those bills. Where, I asked myself, has this magazine *been* all these years?

Which leads to the first questions. Are back issues available, and if so, at what price? Is an index available?

Second question: Would you be interested in publishing an article on Argentina's inflation series? If so and you'd prefer having the originals of the representative bank notes of which xerographic copies are attached, let me know and I'll loan them to you.

I'm quite impressed by the content and appearance of your *Journal*.

Sincerely,

William R. Harmon, Ret.  
1016 King Drive  
El Cerrito, CA 94530

### Dear Editor:

Since my article appeared in *The Journal* (Vol. 31, #1) the European Community finally made some decisions. It decided when and how the European Currency Unit will be introduced. For explanation of the abbreviations I refer to the before-mentioned article, *The ECU part II*.

The first phase will end in December 1993.

The second phase will be from 1994 until 1997. Restrictions on the free traffic of capital will be prohibited from January 1994.

The European Monetary Institute will be founded. This EMI will be the forerunner of the ECB. Its function will be to coordinate the EC's monetary policy.



The third phase will start in 1997 or 1999. In this phase the exchange rates will no longer change and the pounds, marks, crowns, guilders, francs, liras, drachmas and escudos will be replaced by one single ecu.

Meanwhile, the EMI will be succeeded by the ECB, which will be founded then. The ECB will take over the tasks of the national banks of the EC.

The last phase will not be introduced automatically. There will be some conditions: inflation must not be too high (1), nor the interest rates (2), nor government debts and government deficits (3). Fluctuations within the EMS may not be more than 2.25% in the last two years (4).

When we look at Europe today, only three countries can enter this phase: France, Denmark and Luxembourg.

In 1996 seven countries must meet the four requirements to start the EMU in 1997. If this is not possible, the EMU will start anyway in 1999 in every country which *does* meet the requirements. So in 1999 at the latest the ecu will be reality.

Europe wouldn't be Europe if there weren't any quarrels already. One complaint is that there isn't enough democratic supervision. The other problem is where should the ECB-seat be? Germany and the Netherlands are the most important candidates and fighters in the arena.

There is, nevertheless, one thing

Europe isn't quarreling about. The mint masters think that the ecu-coin will have two sides: one European and one national side. So there is still room for our kings, queens, and (other) national symbols. It is expected that the ecu will not have replaced the national currencies completely before the year 2002.

And now all we can do is wait; patience is the key word in the European Community.

*Jos Niewold, I.B.N.S. #5293  
Jan Heymanslaan 61  
5246 BJ Rosmalen  
The Netherlands*

### Dear Editor:

With interest I read Mr. Klaus' article ("The Last Hurrah," *IBNS Journal* Vol. 30, No. 3, pp. 17-19) in the latest issue of our *Journal*. When comparing the older issue of the 1961 100 Korun notes to those with an "X.." serial number, one discovers that they are printed on different stock of watermarked paper:

While the earlier issue's watermark depicts

large upright stemmed leaves, each with a five-pointed star on it,

The latest issue shows

horizontal rows of alternating small stemmed leaves and light five-pointed stars as a watermark.

This is the watermark used for all notes of the last series, Pick 94 through 98.

This might be of interest to our fellow collectors of Czechoslovakian paper money.

*Sincerely,  
Gunther Kreilkamp  
I.B.N.S. #5403  
Watzmannstrasse 35  
W-7033 Herrenberg 4  
Germany*

### Dear Editor:

Re: **Jimmie N. Lawrence of Johannesburg, R.S.A.**

It is with great sorrow that I have to inform you of the death of my father Jimmie (James) Noel Lawrence. He died of natural causes on the 7th of May, 1992, at the age of 76 years. He will be missed by a lot of the members of the numismatic world as he had made friends with everyone he dealt with.

My mother, Mrs. V. M. Lawrence, will continue to manage his collections and, therefore, any correspondence can be addressed to her, at my address, above.

*Yours faithfully,  
Pam Jurgens (Mrs.)  
P.O. Box 79281  
Senderwood  
2145  
South Africa*

## THE JOURNAL NEEDS YOUR ARTICLES AND CONTRIBUTIONS

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# Russian Paper Money from Its Origin to 1843

by Alexander Abezgauz, I.B.N.S. #5005, and Paul Faynshteyn

This article represents a part in a series of publications being prepared by the authors under a preliminary title "History and Analysis of Paper Money Circulation in Russia."

The need for this work, it seems, is brought about by several factors:

1) The authors are not aware of any publication in Russia or anywhere in the world which would combine an analysis of historical and economic events with an analysis of current numismatic markets;

2) Recently the number of collectors interested in Russian paper money both in Europe and the USA has been growing rapidly. As a result these notes are reaching numismatic markets more often;

3) Existing catalogs give unclear, at times even misleading, information about the numismatic value of Russian bank notes. This creates obstacles to the normal development of numismatic markets.

In this article the authors will review the circulation of Russian paper money up to 1843, i.e. till the first issue of State Credit Notes.

The economic history of the Russian Empire in the 18th-19th centuries is largely the history of the Romanoff ruling dynasty. In an absolute monarchy any substantial changes in the economy and finance were always connected with an emperor's personality. The only exception was, probably, M.M. Speranski under the rule of Alexander I. Activities of M.M. Speranski will be reviewed later in this article.

The first attempts to organize paper money circulation in Russia were recorded in the mid-18th century. The proposal presented by Count Minich in 1744 was then rejected by the Senate. At approximately the same time there appear prototypes of state paper monies: a) paper money issued by Russian military administration during war in Prussia 1756-1763 (presumably lost entirely!) and 2) Bills of Salt Offices issued in 1759 and 1761. (See Photo 1)<sup>1</sup>.

In 1762 Emperor Peter the III instructed the Senate to issue ... "as soon as possible bank notes for 5 million rubles" and to establish a State Bank to serve this purpose. The assent of Catherine the Great to the Russian throne prevented this ukas(edict) from being carried out.

Catherine II became Empress of Russia on 7/9/1762. She came to power not by the grace of God, nor by any dynastic claims, but by means of a successful military coup-d'etat skillfully engineered by a group of conspirators and her ex-lovers with the eager aid of palace

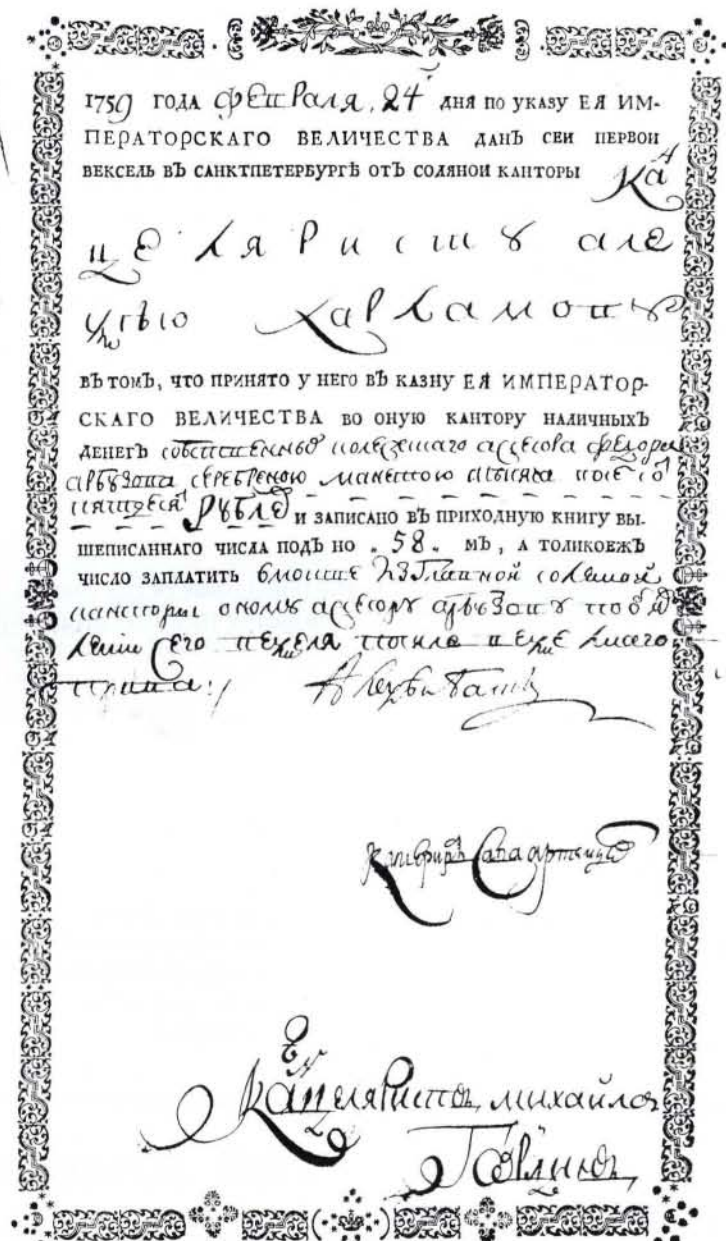


Photo 1: Bills of Salt Offices, 1759.



guards. For the first time since the death of Peter the Great (1725) the Russian crown received a formidable personality, active both in politics and love affairs. The new empress was also a highly controversial personality. Catherine II was an ardent supporter of French Encyclopedists' ideas. She contributed to the development of education in Russia: the Smolnyi Institute, and Russian Academy of Letters were established during her reign. At the same time her domestic policy made her famous as a monarch who spread the serfdom over the entire territory of the Russian Empire, including the Ukraine. She also originated the system of state anti-Semitism. It took more than two centuries for the people of Russia to start dismantling this system and who can say that the task is completed?!

The first state paper money of the Russian Empire — assignats were issued according to the Manifesto of Empress Catherine II dated February 1, 1769.

There are several reasons why the Russian economic system needed paper money. One of them was the difficulty of carrying out financial transactions all over the territory of the vast Russian Empire in coins and of satisfying the demand for coinage. The second, and most important reason for issuing paper money was to use them for financing the growing needs of budget deficit and the State. Having exhausted by this time all traditional financial resources such as raising taxes and foreign debt, the government decided to tap credit potential in the form of assignats. This way of access to credit had been previously used by other European nations, although as we'll see later even in this area the Russian experience was unique.

For the purpose of this emission two assignate banks were established in Moscow and St. Petersburg with a capital of 1 million rubles. Backed by this capital the first Russian assignats were issued for the same total amount. These assignats had a face value of 25, 50, 75, and 100 rubles (PA1-PA4). These denominations were in circulation until 1785 inclusive, except for the 75 rubles. The issuance of this denomination

had been stopped in 1772 because of a counterfeiting activity targeting this type of assignat. Assignats of the first issue are excessively rare and in reality never reach numismatic markets. The authors know of the existence of 25, 50, and 100 rubles assignats (PA5, PA6, and PA7) in private collections.

In the six years after the issuance of notes the government increased the amount of paper money in circulation to 20 million rubles. Problems with the exchange rate of assignats started almost immediately in 1771. But until 1786 assignats were being accepted as the means of payment at their full face value.

The second type of Russian assignats was issued following the ukas of the Senate of March 16, 1786 (PA8-PA12). These assignats circulated from 1786 to 1818. (The *Standard Catalog of World Paper*

*Money* (6th edition) incorrectly shows a circulation period of 1786-1817.) This emission took place under different circumstances and affected the economy of the Russian Empire much stronger than the first one. The beginning of the Second Russian-Turkish war in 1787 brought an imminent increase in military spending and put increasing pressure on the state budget. The government responded by a large issuance of assignats. The amount of paper money in circulation kept growing even after the end of the war. Soon it had exceeded the threshold of 100 million rubles set in 1786. This amount also included sums needed for withdrawal from circulation of notes of the first type<sup>2</sup>.

All assignats were printed on special paper using new specimens. The new issue included assignats with face values of 5, 10, 25, 50, and 100 rubles (PA8-PA12)<sup>3</sup>.

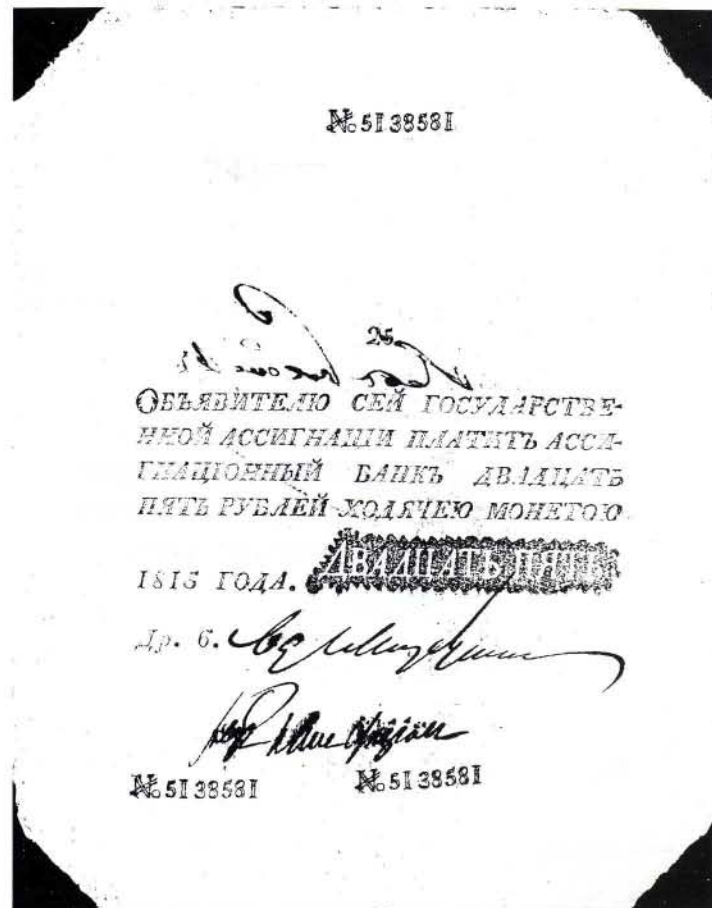


Photo 2: 25 rubles, #5138581, 1815. Genuine Russian issue. Printed on white paper (watermarked), clipped corners, black horizontal print. Signatures: Director of the Bank, Cashier; on the back: Councilor of the Board of the Bank. Size: 170x130mm.





Photo 3: 50 rubles, #9814901, 1812.

Genuine Russian issue.

Printed on white paper, 2 upper corners clipped, black horizontal print.  
Same watermarks and signatures. Size: 185x130mm.

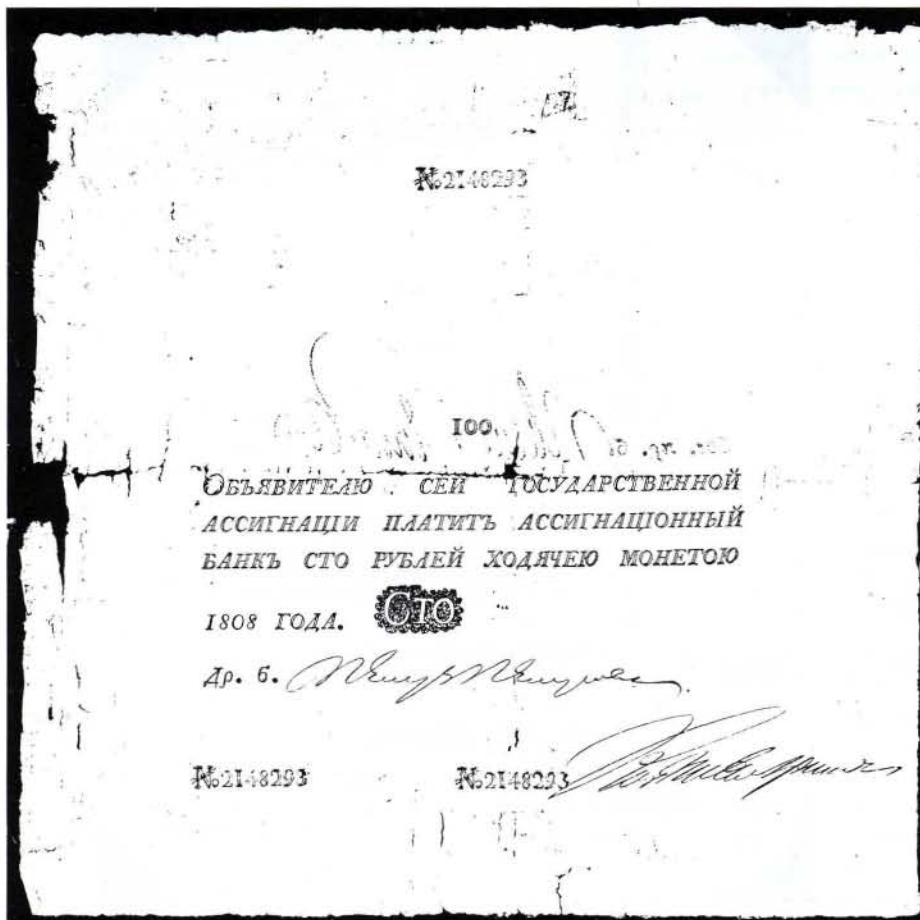


Photo 4: 100 rubles, #2148293, 1808.

Printed on white paper, black horizontal print. Same watermarks and signatures.  
Size: 185x185mm.

The State Assignate Bank established in 1786 had to control the redemption of old and issuance of new assignats. Both assignate banks in Moscow and St. Petersburg had been incorporated into this new bank. Also in the same year a new State Loan Bank was established which replaced two other failed banks, namely the Merchant Bank and the Dvorianin Bank. The capital of the State Loan Bank consisted of the remaining capital of the liquidated banks. It also included 33 million rubles obtained by floating more assignats. Two-thirds of the total available capital were designated for loans to nobility and one-third — to merchants.

Earlier, in 1772 Custody Treasury institutions had been organized which provided small loans. There were also other banks participating in credit supply, but the State Assignate Bank played the major part in organizing and controlling money circulation in the Russian Empire.

The growing volume of assignats in circulation resulted in their substantial devaluation. Their exchange rate at the St. Petersburg exchange dropped to 70 kopeks per 1 ruble of assignats (in June of 1793 to 60 kopeks!).

In 1796 the Empress Catherine II died. She left behind the largest and the most resourceful nation in the world, but its economy and its communication systems were among the most primitive. It had a small class of privileged nobles who lived in luxury and discussed the latest literary and political ideas of Western Europe, but illiteracy was the way of life for millions of exploited serfs. By the end of Catherine the Great's reign there were 150 million rubles worth of assignats in circulation and their exchange rate reached 68 1/2 kopeks of metallic coins per 1 ruble of assignats.

The new monarch Paul I came to power by a pure stroke of luck. His mother Catherine II in 1778 unofficially selected Paul's newly born first son Alexander as her successor. Only Catherine's sudden death prevented her from removing Paul, her son, from the line of succession.



The new Emperor Paul I stayed on the Russian throne for only 4 years (1796-1801). During this time the amount of assignats in circulation grew by another 55 million rubles. The Emperor also decided to issue assignats of a new type with a different design for the amount of 70 million rubles. However, as a result of another coup-d'etat Paul I was killed. The idea of this new issue died with him. These notes are known only as specimens (PA13-PA15). The absolute majority of specimens were destroyed in 1818. One very important conclusion has to be drawn from legislative acts of that period: already in 1797 in one of Emperor's Paul I ukases (edicts) assignats had been recognized as ... "a true debt of the Treasury." This debt had to be eventually redeemed by using gold and silver coin resources.

Emperor Alexander I, who ascended the Russian throne after the assassination of his father Paul I, ruled from 1801 to 1825. In the first years of his reign he undertook several reforms in all areas of state administration, including finance. The primary goal of financial reforms was to reach a balanced budget and stabilize money circulation. Initially these reforms were successful: the average exchange rate of 1 ruble in assignats went up to 71 2/5 metallic kopeks in 1802, and — to 80 kopeks in 1803. However, in 1805 the Russian Empire entered a period of continuous wars with France and Turkey. Wartime expenses, of course, put a huge burden on the economy of the country. An increase in the amount of assignats in circulation had been used as a primary means of financing extraordinary military expenses.

By 1810 the total amount of issued assignats in circulation reached 533 million rubles with a corresponding decline in the exchange rate. In 1809, for example, the average rate was 44 2/3 kopeks for 1 ruble of assignats. The Russian State Treasury had been incurring huge losses since taxes and dues were being paid in devalued assignats. Also, in the period 1805-1812 the French government of Napoleon Bonaparte in order to

destabilize the Russian financial system fabricated and smuggled into circulation in the Russian Empire counterfeit assignats with 25 and 50 rubles face value: PA10,

PA11. Two of the most recognizable traits of these "Napoleon counterfeits" are: 1) High quality of paper and print; 2) Mistakes in the text on assignats.

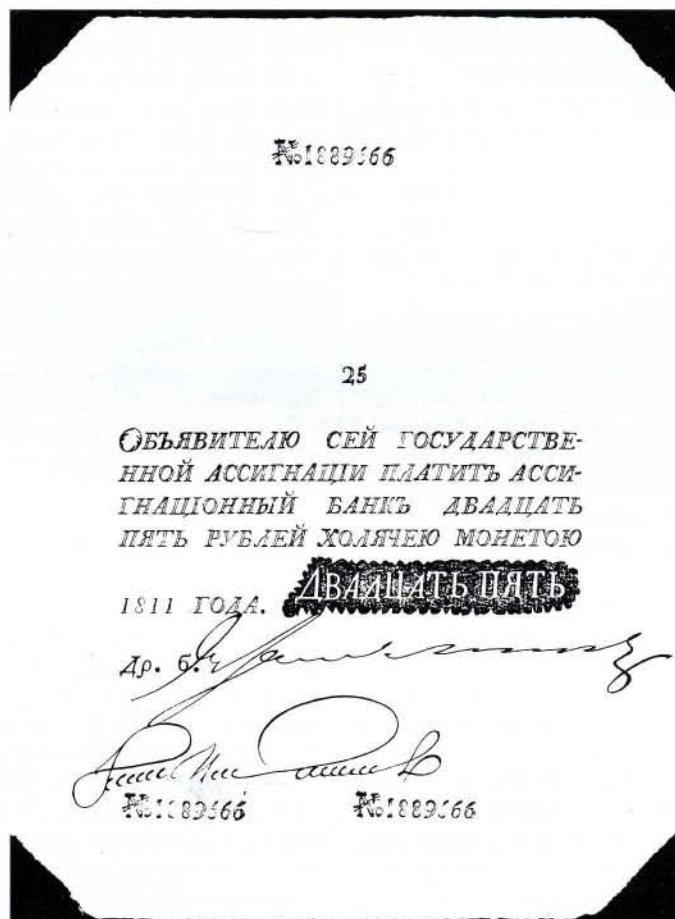


Photo 5: 25 Rubles, #1889666, 1811.  
Napoleon counterfeit.

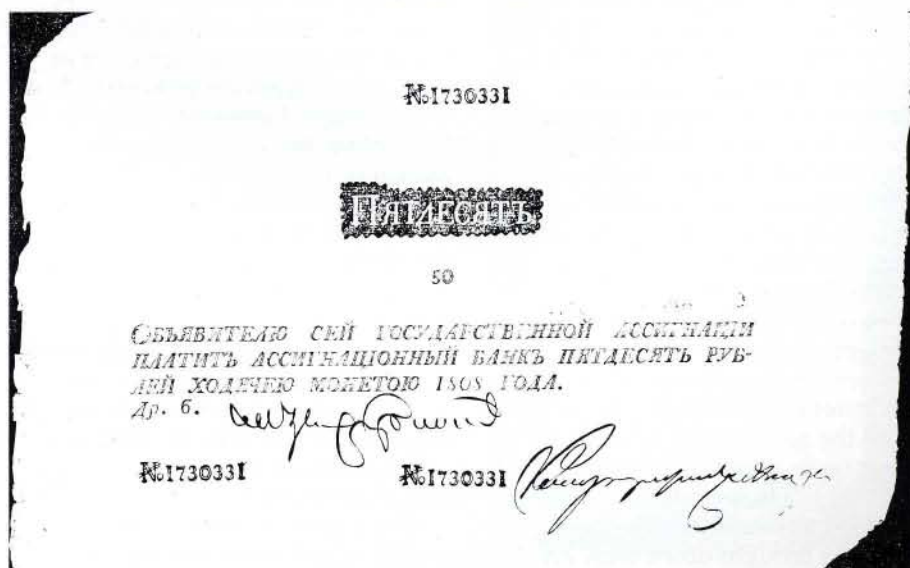


Photo 6: 50 Rubles, #1730331, 1808.  
Napoleon counterfeit.



Several authors consider usage of facsimile signatures on the face side of assignats to be another specific feature of the "Napoleon counterfeit." The authors of this article disagree with this opinion<sup>4</sup>. A fact worth mentioning is according to the government ukas of 14.11.1844 "Napoleon counterfeits" were being redeemed against state credit notes at the same exchange rate as genuine assignats.

In 1810 the government started implementing the "Plan of Finance" created by M.M. Speranski — one of the most brilliant minds in 19th century Russia. The son of an ordinary village priest Speranski rose to the pinnacle of the Russian state administration. During 1807-1812 he was practically determining Russian politics in all areas, except military.

His "Plan of Finance" included a series of measures stimulating economic growth and stabilizing financial system. M.M. Speranski suggested three measures to improve money circulation: 1) redemption of assignats with their subsequent transformation into bank notes of a new bank backed by silver coins; 2) establishment of this new bank; 3) recognition of the silver ruble as the main monetary unit. In the Manifesto of 2.2.1810 assignats were recognized as genuine state debt guaranteed by all the riches of the Empire. The Manifesto stated that all transactions should be carried out in coins only. It also declared that there would be no more issuance of assignats. Part of the existing assignats in circulation were designated for a scheduled redemption by means of a domestic loan. By suggesting these measures Speranski hoped to gradually improve the exchange rate of assignats and therefore stabilize the entire monetary circulation in Russian Empire. He strove to remedy the situation which at this point was very close to catastrophic.

However, tumultuous events of the Patriotic War with France (1812) forced the government not only to renege on its promise to redeem assignats but to issue new assignats. Increased issuance of assignats in 1812-1815 brought down their rate of exchange. In 1814-1815 1 ruble in assignats was quoted at 20 kopeks in

silver, i.e. 1/5 of its face value. The exchange rate would have been even lower if it weren't for extraordinary measures undertaken by the end of 1811 and in 1812. Therefore, M.M. Speranski's great ideas of recognizing assignats as a Treasury debt, of consolidating this debt, and of launching a new monetary unit fully secured and exchangeable into silver coinage, were not realized. His ideas were put to use many years later with the introduction of State Credit Notes in 1843. (The assignats had also circulated outside of Russia during foreign military campaigns. Russian troops used them to pay for lodging to the population in the areas of Prussia and Germany which had been occupied by the Russian army. Special exchange offices were established to change assignats back into coins).

A Manifesto of April 9, 1812 set new principles of monetary circulation. (By this time M.M. Speranski was no longer holding the reigns of power). These new principles regulated the financial system until the reform of 1839-1843, i.e. till the transition to State Credit Notes. According to this Manifesto, all transactions between the Treasury and private persons as well as between private persons had to be based on assignats only. The Manifesto established a temporary compulsory exchange rate of 2 and 3 rubles in assignats for 1 ruble in silver depending on specific taxes and dues. Private transactions had to be carried either in assignats or in coinage using as compulsory the rate of exchange of assignats in the St.-Petersburg stock exchange. This reform pursued several goals: 1) protection of the Treasury from losses since taxes were collected in devalued assignats; 2) protection of private capital markets from losses resulting from devaluation of assignats; and, finally, 3) increase of assignats' circulation and creation of a higher demand for them in order to produce payments to the Treasury which had to support the exchange rate of assignats.

These goals were reached to a certain extent. However, the new financial system was based on a unique phenomenon: a coexistence

of two independent types of money — metallic coins and paper money. Their correlation had to be set individually for each transaction depending on variations in the exchange rate. At the same time quite contrary to the ideas of the Manifesto the demand for metallic coins had been growing steadily.

The war with France was over by 1815. The economic situation in the Russian Empire started to improve. The government decided to continue its efforts to stabilize the monetary circulation. By 1817 the total amount of assignats of the second type in circulation reached 836 million rubles. The State Commission of Debt Redemption, based on the "Plan" of the Minister of Finance D.A. Guriev, started a partial redemption of assignats. The necessary means for this redemption had been obtained using 4 domestic loans floated one after another. (In 1818-1822 229.3 million rubles worth of assignats were redeemed).

Simultaneously, the issuance of assignats of a new type had been started. This emission included 5, 10, 25, 50, 100 rubles, as well as 200 rubles denominations (PA17, PA18, PA21-PA24)<sup>5</sup>. The standard catalog gives dates of circulation of assignats of this new type incorrectly. The issue was launched in 1818 and lasted until 1843. Therefore, in 1818 both types of assignats, the old and new, were printed. Assignats of the old type dated 1818 are of an extreme numismatic rarity. A table showing assignats known to exist in different collections is presented at the end of this article.

By 1823 the total amount of the assignats remaining in circulation in the Russian Empire was 595,776,310 rubles — a 28% decline in comparison to 1817. This amount didn't change until 1843 when assignats were replaced by State Credit Notes.

Limitations put on the amount of assignats in circulation brought the need to increase acceptance of gold and silver coins in payments to the state treasury. As a result, metallic coins gradually grew in importance which was exactly opposite to the original ideas of the Manifesto of 1812. However the demand for assignats was also growing, prima-





Photo 7: 50 rubles, #728202, 1818.  
Printed on white-yellowish paper, black horizontal print.  
Watermarks. Paper size: 185x135mm.



Photo 8: 100 rubles, #270013, 1819.  
Printed on white paper, black horizontal print.  
Same watermarks and signatures. Paper size: 195x120mm.



Photo 9: 200 rubles, #6294, 1835.  
Printed on white paper, black horizontal print.  
Same watermarks and signatures.

rily due to their usefulness in circulation. By this time it was obvious that the system of monetary circulation which had evolved in Russia was unique. The theory and practice of money circulation knew only 3 types: a) a pure metallic currency; 2) a pure paper currency; and 3) mixed currency where both coins and paper money coexist, are equal in value and mutually exchangeable. The unique system of monetary circulation in Russian Empire was based on a parallel semi-independent existence of both assignats and metallic coins with a maze of chaotic rates of exchange of assignats into gold and silver coins. Attempts of the government to

stabilize the rate of exchange by means of administrative regulation were not successful. At the same time the inflow of metallic coins into the treasury and credit institutions grew steadily.

The Manifesto of July 1, 1839 started the formation of a new system of monetary circulation in Russia. The silver ruble had been declared a state monetary unit whereas assignats, as per the original plan, had been named supplementary currency notes with one fixed rate of exchange of 3 1/2 rubles in assignats for 1 silver ruble. Also, a special deposit office at the State Commercial Bank started operations on January 1, 1840. This

office accepted deposits in silver coins. The State Commercial Bank issued special deposit notes with face values of 3, 5, 10, and 25 rubles in silver fully backed by deposits (PA25-PA28, 1840). These notes circulated at full face value along with silver coins. In 1841 denominations of 50 and 100 rubles were added to circulation (PA29-PA30, both in 1841)<sup>6</sup>.



Photo 10: PA28 State Commercial Bank Rubles, #367519, 1840.



In 1841 a new type of paper money was issued, the so called "credit notes." They were first issued as a limited emission of the Custody Treasury and State Loan Bank Credit Notes (PA31-PA32) and then, beginning in 1843 as State Credit Notes. Credit notes of various types circulated until the very end of the 19th century<sup>7</sup>. That was a logical conclusion to the reform of the financial system of 1839-1843.

Thus ended the first period in the history of paper money in Russia. In the period 1769-1843 state and financial administration officials accumulated an interesting, sometimes controversial experience in organizing paper money circulation. Part of it, as already indicated, is unique in the world. This important experience finally made the government switch to paper money fully backed by and exchangeable into silver. The ideas of M.M. Speranski became reality after 33 years of oblivion.

Earlier in the article it was mentioned that regularity and control over paper money circulation had been insured by a rule that each subsequent issue of paper money assumed a complete redemption and cancellation of all previous issued notes. Assignats were accepted for exchange against State Credit Notes from 11.1.1843 till 4.13.1851 and deposit notes of the State Commercial Bank — until 3.1.1853. Out of a total 595,776,310 rubles of assignats in circulation only 3.3 million or 0.5% were never redeemed.

This information answers the question why the number of assignats existing in collections which could theoretically find their way to numismatic markets is so very limited. That, in its turn, explains the interest Russian assignats never fail to generate as carriers of high numismatic values from both collectors and dealers. The demand for assignats has recently become especially strong with a corresponding increase in the prices these paper money issues of the Russian Empire command on numismatic markets.<sup>8</sup>

At the end please find a table of Russian assignats by years of issue. The existence of the notes is con-

firmed by the authors of this article. Any additional information about these rare issues will be greatly appreciated. Please send it to the

following address:

A & T WORLD PAPER MONEY  
P.O. BOX 347057  
SAN FRANCISCO, CA 94134

#### TABLE OF ASSIGNATS BY YEARS OF ISSUE.

5 RUBLES:	1787, 1788, 1789, 1790, 1791, 1792, 1793, 1794, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1819, 1821, 1822, 1825, 1826, 1828, 1829, 1830, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843.
10 RUBLES:	1787, 1788, 1789, 1790, 1791, 1793, 1794, 1796, 1797, 1799, 1800, 1801, 1803, 1804, 1805, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1819, 1821, 1822, 1825, 1826, 1827, 1828, 1829, 1830, 1833, 1834, 1835, 1836, 1837, 1838, 1839, 1840, 1841, 1842, 1843.
25 RUBLES:	1792, 1796, 1797, 1798, 1799, 1800, 1801, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1809, 1810, 1811, 1812, 1813, 1814, 1815, 1816, 1817, 1818, 1833, 1836, 1837, 1838, 1840, 1841, 1842, 1843.
50 RUBLES:	1790, 1802, 1803, 1804, 1805, 1806, 1807, 1808, 1812, 1818, 1819, 1820, 1835, 1836, 1840, 1842, 1843.
100 RUBLES:	1796, 1805, 1806, 1807, 1808, 1819, 1836, 1838, 1843.
200 RUBLES:	1819, 1820, 1830, 1833, 1835, 1836, 1837, 1838, 1841, 1842.

#### DEPOSIT NOTES OF STATE

COMMERCIAL BANK: 3, 5, 10, 25 RUBLES — 1840.  
50, 100 RUBLES — 1841.

LITERATURE: 1. N. KLUCHEVSKY "A HISTORY OF RUSSIA," V. IV. V.  
2. И. И. Кауфман "Изъ истории бумажныхъ денегъ в Россіи", 1909  
3. "Министерство финансов 1802-1902", 1902.

<sup>1</sup> Known to exist in the collection of the Russian State Historic Museum and some private collections.

<sup>2</sup> It is important to mention here that any new issue included amounts needed to withdraw from circulation all the notes of previous issue. Old bank notes had been subject to destruction. Consistency in realization of this principle of paper money circulation throughout the 18 and 19th centuries made Russian assignats such a rarity on numismatic markets. This fact is also one of the main reasons why these issues carry such a high price tag. It seems though, that *existing prices still do not fully reflect the rarity of particular notes according to their years of issuance!* This question will be dealt with in more details in the book which is being prepared by the authors.

<sup>3</sup> Due to space limitations the authors decided to show only photos of rare denominations: 25, 50 and 100 rubles.

<sup>4</sup> The authors plan to publish a special article covering "Napoleon counterfeits."

<sup>5</sup> Unfortunately, the existing literature on the subject doesn't provide enough information about reasons for the introduction of a new type of assignats. The authors of this article believe that the main objective was to try to stabilize monetary circulation, to increase the prestige of assignats and to prevent their further devaluation.

<sup>6</sup> The deposit office at the State Commercial Bank functioned throughout 1840-1842 and 8 months of 1843. By 9.1.1843 the country switched to State Credit Notes and issuance of deposit notes had ended. Only 48.5 million rubles worth of deposit notes was in circulation by this time. As a result of their fairly small issuance the deposit notes of the State Commercial Bank are currently a great rarity on numismatic markets. Later, in the book on Russian paper money the authors will present their numismatic estimate of these issues. The work on this book is in progress.

<sup>7</sup> State Credit Notes of 1843-1898 will be discussed in future articles.

<sup>8</sup> A detailed analysis of prices on Russian assignats existing in today's numismatic markets as well as the authors' estimates will be presented in the already mentioned book.



# The Bank Notes of Papua New Guinea—Part II Issues after Independence

by Donald R. Cleveland, I.B.N.S. #1655

The bank notes of the Independent State of Papua New Guinea, or PNG as we shall refer to it, are among the most beautiful in the world. Their designs of local and traditional items of value and decorations are taken from those representative of the more than 700 tribal groups that make up the nation.

Most parts of each denomination's design have been rendered from photographs, drawings, or actual objects. Papua New Guinea artist Willie Stevens and Australian Reserve Bank (later, Note Printing Branch) artists then unified the design elements into a montage and engraved printing plates for each bank note.

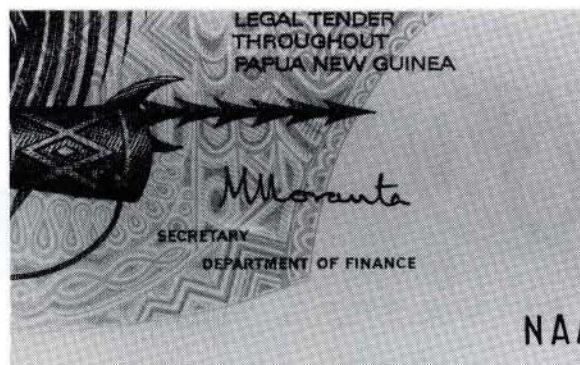
Issued in denominations of 2, 5, 10, 20 and 50 kina, the face of each denomination, except the 50 kina, features the national crest of a bird-of-paradise: wings and tail spread in full display, clutching a horizontal drum and spear, all superimposed on underprint patterns taken from tapa cloths, pottery, carvings, and, on the two kina, a marriage-bed head as well as other items. The signature



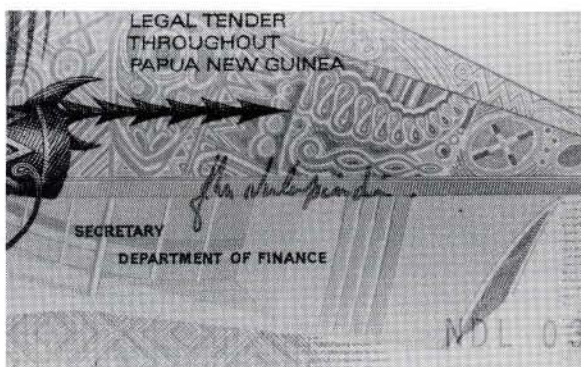
Sir Henry ToRobert Governor Bank of Papua New Guinea

of Bank of Papua New Guinea Governor Sir Henry ToRobert appears on all notes issued since independence. PNG has had three Department of Finance Secretaries whose signatures have appeared on its bank

## SECRETARIES OF FINANCE



Mekere Morauta



John Vulapindi



Morea Velle



notes. These are, in order: Mekere Morauta, John Vulapindi, and Morea Velle.

The colors of PNG bank notes are similar to the colors used on the Australian bank notes they replaced, presumably to reduce public confusion when the new money was introduced. Originally one kina was equal to one Australian dollar, but devaluation of the Australian dollar has now pushed the kina to a value about 40 percent higher than the currency it replaced.

All regular issue PNG two kina notes have the letter "A" as the first letter prefix of the serial number, the exception being commemorative two kina notes issued for the Ninth South Pacific Games in 1991. The serial numbers of five kina and fifty kina notes are prefixed with an "H," ten kina with an "N," and twenty kina

with an "S." The first two kina note carried serial number "AAA 000001," the first five kina had number "HAA 000001," and so on for each denomination; except the fifty kina, which started with "HUU 000001." To date, except for the commemorative two kina, when the first designs of a denomination have changed serial numbers have been continued in sequence.

Matched sets of the first 500 bank notes of the two through twenty kina denominations were set aside for VIP presentations and collectors who asked for them in person at Papua New Guinea's Reserve Bank in Port Moresby. Set number 000001 went to PNG's Governor General at the time of issue. None of the later issues were preserved for their serial numbers when they were introduced.

### TWO KINA (First Issue)

Pick - 1. Colors: Dark green and black design elements on light green and yellow underprints.

Issued: 19 April 1975 to June 1980

Number issued: 29,150,000 notes (K58.3 million)

Specimen notes distributed (as of July 1986): 66

Size (Edge to edge): 70 x 140 mm.

Face: National crest. The design surrounding the denomination numeral is a modern interpretation of a local art pattern, but does not represent any particular subject. First underprint is a montage of designs from a tapa cloth from Central Province, an axe from Mount Hagan, a club from the Huan Gulf, a Sepik pot, a Madang shield, and a Manus Island marriage bed. The second underprint is composed of fine wavy vertical lines which fill about one-third of the white space surrounding the design elements.

Back: Items depicted are a Mount Hagan axe, a Kula arm band from Milne Bay Province, an engraved dogs' tooth necklace from Bougainville, and a Sepik clay pot. The first underprint is composed of patterns found on a tapa cloth from Northern Province, waist bands from Gulf Province, canoes from the Trobriand Islands and West Sepik, Sepik and Madang shields, and a club from the Huan Gulf. The second underprint is similar to that on the face of the note.

Two Kina — First Issue



Like all first issue bank notes, a large portion of the face and back does not have an underprint.

### FIVE KINA (First Issue)

Pick - 2. Colors: Dark violet design elements on light multicolored underprints.

Issued: 19 April 1975 to June 1980

Number issued: 5,560,000 notes (K27.8 million)

Specimen notes distributed (as of July 1986): 65

Size: 73 x 145 mm.

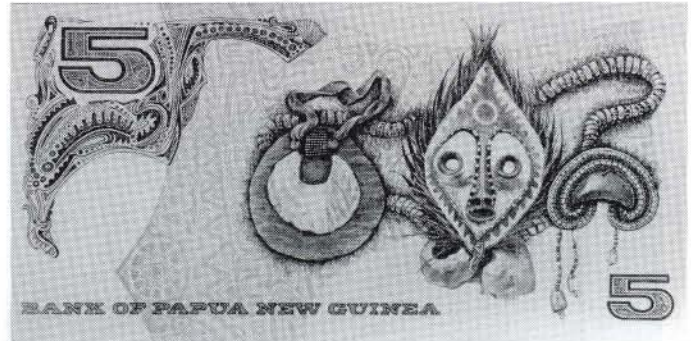
Face: National crest. The pattern surrounding the denomination numeral is a detail from a drawing of a slaughtered pig. First underprint patterns are composites from shields from Gulf Province and the Madang-Ramu River, and a Sepik clay pot. The second underprint is composed of fine lines similar to those on the two kina note.



Back: The pattern surrounding the numeral is taken from a mask depicting a bird. Items depicted are based on traditional PNG primitive currencies: a Hombuli mask used for bridal payments in the Sepik region, a kina shell used as money in the highlands (from which the currency of PNG derives its name), a shell necklace

from Milne Bay, and a shell necklace interwoven with seeds from New Ireland. The first underprint is a composite from a Northern Province tapa cloth, a Milne Bay shield, and tortoise shell bracelets from the Huan Gulf. The second underprint is like that on the face of the note.

#### Five Kina — First Issue



#### TEN KINA (First Issue)

Pick - 3. Colors: Black, dark blue and green design elements on light blue, yellow, and multicolored underprint.

Issued: 19 April 1975 to June 1980.

Number issued: 8,640,000 notes (K86.4 million)

Specimen notes distributed (as of July 1986): 62

Size: 76 x 150.5 mm

Face: National crest. The pattern surrounding the

denomination numeral is from a canoe prow. A description of the first underprint's features is not available. The second underprint is similar to that on the two kina note.

Back: The design surrounding the value is a representation of a bird. Items depicted are a Tami bowl, a bird of paradise skin, Tambu shell money from New Britain and boars' tusks from the Highlands. A description of the origins of the first underprint is not available. The second underprint is similar to that on the two kina note.

#### Ten Kina — First Issue



#### TWENTY KINA

Pick - 4. Colors: Red-brown and rosine design elements on an orange-red and yellow underprint.

Issued: 19 April 1977.

Number issued: Still current.

Specimen notes distributed (as of July 1986): 23

Size: 75 x 150 mm

Face: National crest. The pattern surrounding the numeral represents an impressionist lineal pattern of a pig. The underprint depicts designs taken from Manus Island arm bands; Sepik and Gulf Province shields; Sepik pottery, a spirit board, and a mask; a Milne Bay canoe, a New Britain headdress, and body decorations from the Highlands. Like second issue notes to follow, a

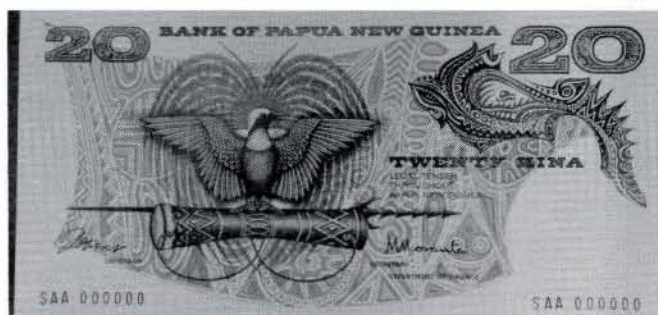


white band with a bird-of-paradise watermark appears on the right side of the note.

Back: Items of value in Papua New Guinea. A pig, representing the highest measure of wealth, dominates the design. Also depicted is a toea (cowrie shell) necklace from Madang, a Toa armband from Central Province, and a shell ornament from Western Province. The design around the value is a "bridge" joining all the

elements drawn by Willie Stevens. The first underprint combines designs from a Mount Hagan axe and shield, a Sepik mask and shield, a Northern Province tapa cloth, a Manus Island kap-kap, a Gulf Province shield, and a Milne Bay food hook. The second underprint is like that of the face, except the white band, which matches that on the other side of the note, is on the left.

#### Twenty Kina Bank Note



Only one issue of the twenty kina denomination has appeared. The note shown is a specimen with only zeros in the serial number. It was used by local banks to teach employees about the new denomination before it was generally circulated.

#### TWO KINA (Second Issue)

Pick - 5. Colors: Same as first issue note.

Issued: 1 June 1980

Number issued: Still current.

Specimen notes distributed: None

Size: 70 x 140 mm

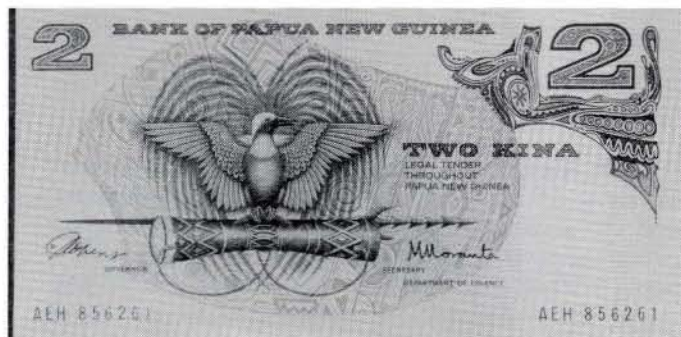
Face: Same as first issue note, although second underprint covers most of note, except for an unprinted white vertical strip containing the watermark like that described for the 20 kina note.

Back: Same as first issue note, except for the expanded second underprint.

Sometime after mid-1990, 500, uncut, 36-subject sheets of the two-kina denomination were sent to Port

Moresby for sale to interested purchasers at a premium over face value. Sales were disappointing, so 150 of the sheets were sold to an Australian coin and bank note dealer, who cut them into vertical strips of 300 pairs, 600 strips of three, and 750 "blocks of four" (note: these too are strips, not blocks). Acquired from the dealer by the Australian Government's Note Printing Branch (NPB) in Craigieburn, where they were printed in the first place, the strips were put on sale in the NPB's souvenir shop on 15 May 1991, for A\$10 per note in a given strip size. Each strip comes mounted in a distinctive folder, which the dealer had printed, and carries a description of the notes it contains. Strips cut from sheet borders are known with printer color guides and plate numbers on their selvage.

#### Two Kina — Second Issue



Except for an extension of an underprint throughout the white space of the first issue, second issue bank notes are similar.



**FIVE KINA**  
(Second Issue)

Pick - 6. Colors: Same as first issue note.

Issued: 1 June 1980.

Number issued: Still current.

Specimens distributed: None

Size: 73 x 148 mm

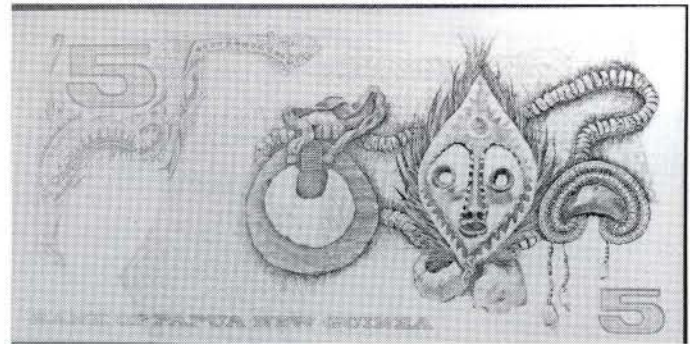
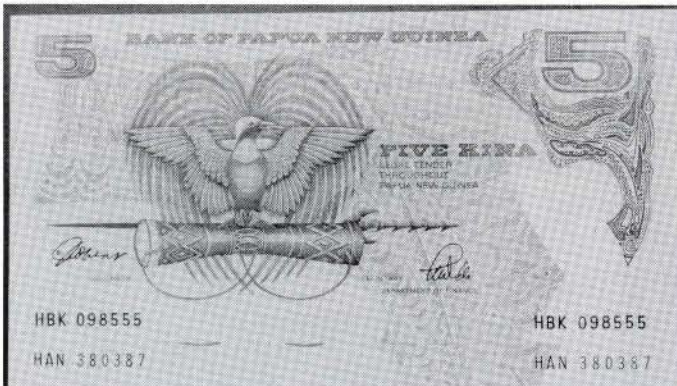
Face: Same as first issue, except for broadened second

underprint as described for the twenty kina note.

Back: Same comment.

Five kina bank notes of this design issued in 1991 have noticeably darker underprints, small, heavy serial numbers and, while exactly the same height as earlier issues, are 2mm shorter in length. It is believed these were printed in England.

**Five Kina — Second Issue**



A background of wavy lines over the white areas distinguishes this issue from the first.

**TEN KINA**  
(Second Issue)

Pick - 7. Color: Same as first issue note.

Issued: 1 June 1980 to 31 March 1985.

Number issued: 3,770,000 notes (K37.7 million)

Specimens distributed: None

Size: 76 x 150.5 mm

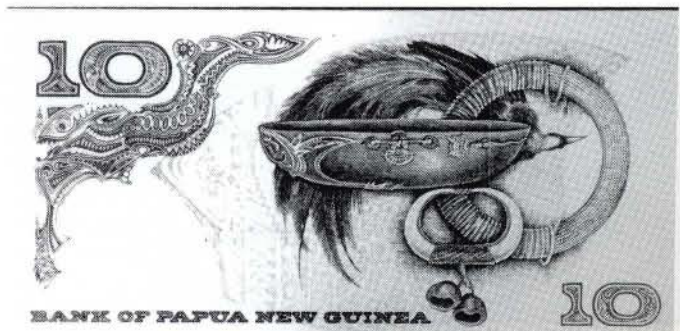
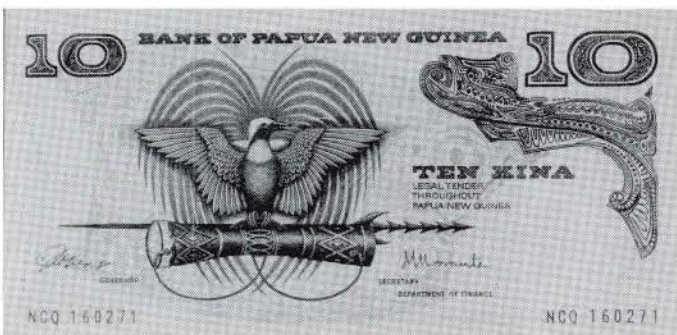
Face: Same as first issue note, except for underprint

which was expanded to white areas as described on 20 kina note.

Back: Same comment.

Comment: When the third-issue ten kina notes were released, all notes of the first and second issue were pulled from circulation. All unreleased second issue notes were destroyed.

**Ten Kina — Second Issue**



The second issue differs from the first by the addition of a faint underprint over most of the background.



**TEN KINA**

(Third Issue)

Pick - 8. Colors: Same as first issue note.

Issued: 1 April 1985.

Number issued: Still current.

Specimens distributed: None known.

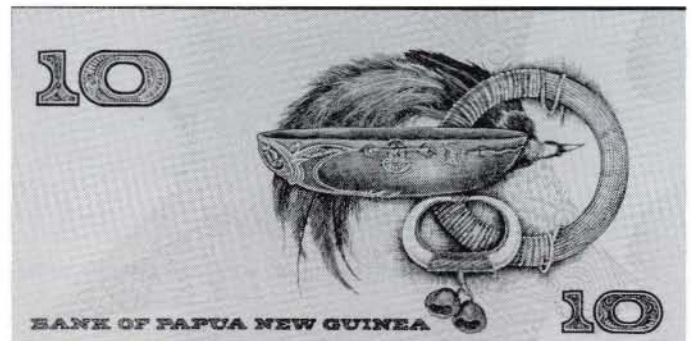
Size: 76 x 150.5 mm

Face: National crest. No design element around value. Underprint of new Parliament Building in Port Moresby which was dedicated in late 1984. Inside shading of the building on the bank note incorporates design elements taken from a Milne Bay canoe, Sepik spears, a Madang shield, a Highlands bow, a Sepik

house post, and wood carvings from New Ireland. The second underprint design has been made more elaborate than on the first and second issue notes.

Back: The main design elements are the same as the first and second issue notes. The first underprints depict a Gulf Province shield and bark belt, a ceremonial dance paddle from Bougainville, a Sepik clay pot, and marriage bed posts from Manus.

Comment: The third issue ten kina notes, although a regular issue, were released in commemoration of the tenth anniversary of independence of Papua New Guinea.

**Ten Kina — Third Issue**

Note that the underprint depicting the Parliament House on the face is a considerable departure from the designs used on other PNG bank notes.

**FIFTY KINA**

Pick - 11. Colors: Orange, yellow and multicolor

Issued: 1 August 1988.

Number Issued: Still current.

Specimens distributed: Information is not available.

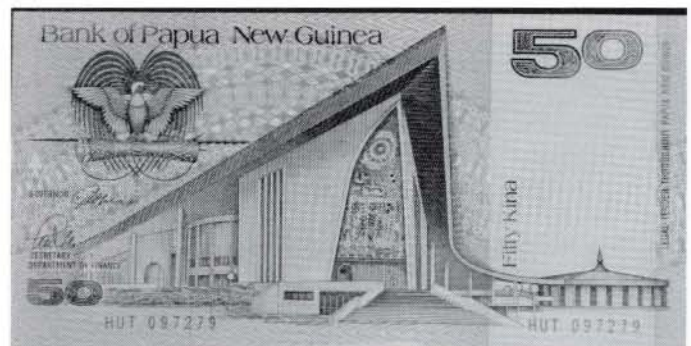
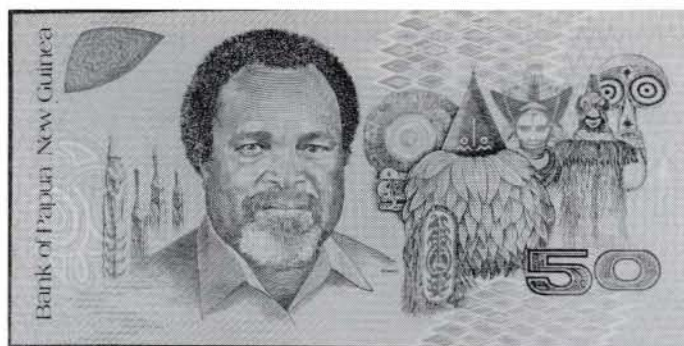
Size: 75.5 x 151 mm

Face: Papua New Guinea's first Prime Minister Sir Michael Somare. (Sir Michael is now PNG's Minister for Foreign Affairs). To the left of Sir Michael are a yellow and orange design from Parliament House and Karkar

Spears from his home village in the Sepik. Other design elements depict, from left to right, a shield and mask from New Ireland; a leaf and pointed Tubuan face mask from Sir Henry ToRobert's village in New Britain; a shield mask from New Ireland; a woman's headdress from the Highlands; a mask and costume from the Sepik River; and a large-eyed mask from New Ireland.

Back: Arms and PNG's Parliament House.

The watermark is an emblem of PNG designed by Sir Henry.

**Fifty Kina Bank Note****Sir Michael Somare**

Sir Michael was PNG's first Prime Minister. He is currently serving as Minister for Foreign Affairs.

**Parliament House**



## TWO KINA (Commemorative Issue)

Pick (to be given a number) 12?

Issued: July 1991

Number issued: Unknown

Specimens distributed: Information is not available.

Size: 70 x 140 mm

To commemorate its hosting of the Ninth South Pacific Games in Port Moresby, which began on 7 September 1991, the Government of Papua New Guinea ordered the printing of special two kina notes. The notes were printed in Australia on a specially developed, tyvic-polymer plastic material, first used on Australia's bicentennial commemorative ten dollar notes in 1988. It has also been used on the commemorative bank notes of Western Samoa and Singapore. Underprint colors on the PNG notes vary noticeably between specimens, ranging

from pale to dark green, even on bank notes with consecutive serial numbers. These notes were widely circulated.

Face: Nearly identical to second issue notes, except for a slogan "9th South Pacific Games Papua New Guinea 1991" overprinted at left below a stylized red, yellow and black (the colors of the PNG flag) bird-of-paradise hovering over a large yellow "9." On the right, the white band has been broadened to incorporate a see-through, 15mm "window," with a stylized, spread-winged, bird-of-paradise superimposed in the center. A special prefix, "SPG 9" begins the serial number.

Back: Identical to second issue notes, except for a broadening of the white band on the left to provide space for the see-through window.

Two Kina — South Pacific Games



The first Papua New Guinea bank note to be printed on plastic.

### Other items of interest:

Replacement notes — PNG does not issue special notes for replacements. Such notes merely have a different number in a brick of notes and are out of sequence with the others.

Specimens: There are three types: The ones referred to above with the foregoing bank note descriptions were prepared and issued to foreign central banks for identification purposes. Illustrated in Pick Fourth Edition, Volume II, page 727, the note depicted has the word "Specimen" printed diagonally twice across each side of the note. Although it is possible that some specimen notes of this type are in private hands, the Government of Papua New Guinea provides them only to other governments and central banks when requested. Individuals cannot legally obtain them. No specimens of second issue notes were produced according to PNG bank officials. Reliable information about possible specimens of third issue ten kina notes and the two kina commemorative notes is not available, although it is doubtful any were produced.

According to an unofficial source, one set of a different type of specimen notes was provided to each bank in

PNG prior to the country's first post-independent issue to the general public. These are exactly like the issued notes except for the serial numbers, which are all zeros. They do not carry the word "Specimen" on them. Numbers issued are not available, but it is believed to be somewhere between 100 and 140 sets. Upon the release of the regular issues, the bank specimens were supposed to have been returned to the Central Bank. Obviously some were kept. There are rumors that many were circulated. Several sets are known to be in private hands. Perhaps because it was issued later, the 20 kina denomination is more common than the others. At the time of writing, 50 kina specimens matching this type are not known. They are unlikely to have been produced because new designs and denominations are now made known months in advance of issue through the use of widely-distributed posters.

However, on page 856 of Volume II, Pick, Sixth Edition, the illustration of Pick 11, the new 50 Kina note, is a specimen note with zero serial numbers. On it "specimen" appears to be typed on the face of the note. "Specimen" appears again on the back in the unprinted vertical band, but in larger letters. As this is being written, I know nothing about this type of specimen. It



could have been used to familiarize foreign central banks and local banks to the new denomination, although the latter is now considered unlikely.

The future: The latest rumor from Papua New Guinea is that all of the country's currency is to be redesigned and maybe printed on tyvic. According to one source, the new series will also include a 100 kina denomination. Gereia Aopi has recently replaced Mr. Velle as Secretary of Finance. Once stocks of bank notes with Mr. Velle's signature have been depleted, Mr. Aopi's can be expected on future issues of PNG.

Readers' comments are always welcome.

Acknowledgments: Much of the information presented on first and second issue bank notes was made available by Mr. Lamak Katit, Manager, Currency Division, Bank of Papua New Guinea and Mr. T. Iro, Acting Chief Manager, Operations Department, Bank of Papua New Guinea. I also wish to thank well-known Australian collector and author Michael Vort-Ronald for help provided on Specimen notes. Pick Numbers used are from the *Sixth Edition of The Standard Catalog of World Paper Money, Volume II*, by Albert Pick; Krause Publications, Iola, Wisconsin. All rights reserved by author.

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## Ashes in the Wind: Inflation Fighting in Peru 1865-1878

by Carl W. A. Carlson

The following article deals with the rise of inflation in Peru during the period from 1865 through 1878, its harmful effects on the Peruvian economy, the role of bank notes issued by the private banks in creating and worsening the inflation, and the eventual methods chosen to reduce it.

The primary actors in the main period with which we are concerned are:

Mariano Ignacio Prado, Dictator, and then President of Peru 1865-1867, and again President in 1876-12/1879.

Jose Balta, President of Peru 1868-1872.

Manuel Pardo y Lavalle, President of Peru 1872-1876, previously Secretary of the Treasury (Minister de Hacienda) under Balta.

Nicolas de Pierola, President of Peru 12/1879-1881, and later 1895-1899, a relatively minor figure for our purposes.

The primary banks involved in the development and denouement of this attempt to control inflation and stabilize the Peruvian economy are:

"La Providencia" 1862 on; last dated notes 7/20/1877.

Banco de Lima 1870-78; latest note dated 2/1/76.

Banco Garantizador 1872 on; all notes known to me are dated 9/1/70.

"El Peru" 1863 on; issues dated 1873 through 1877, all with counterstamps.

Banco Nacional del Peru 1872 on; last dated note without counterstamp is 9/10/76; all 1877-dated notes have govern-

ment counterstamp.

Banco de Trujillo 1871 on; last dated issue 5/1/76.

Banco de Tacna 1872-1921; no dated notes known.

Compania de las Obras Publicas y Fomento del Peru (Henry Meiggs); all known notes dated 7/4/76; apparently all denominations exist both with and without government counterstamps, the latter less often seen.

Lesser banks, often affiliated with the above banks, include:

Banco Anglo-Peruana 1873-77; latest notes dated 7/1/75.

Banco de Arequipa 1871 on; one note dated 8/1/72, not issued.

Banco de la Compania General del Peru; notes dated 1873.

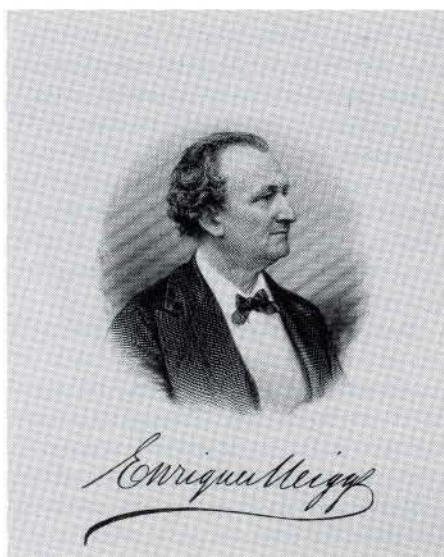
Banco de Piura 1873 on; last dated notes 7/1/75 except one 5 soles dated 10/20/78 (doubtless a printing error for "73").

Banco del Valle de Chicama 1873 on; no dated notes known.

With the exception of the lower denomination notes issued by Meiggs (below 50 soles) all Peruvian notes from this period are rare or very rare, for reasons that will become evident as the tale unfolds.

When Peru gained its freedom from the Spanish in the 1820's, it was faced with many problems which its leading citizens had not been forced to confront during the Colonial period. These included loss of Spanish imperial assistance, the need to create new economic contacts with other former Spanish Colonial areas in order to sell their produce (the Colonial government had handled all of that in the past), and the problem of creating a new currency and coin system for their





(Henry) Enriques Meiggs

country. Paper money was issued by a wide variety of authorities, and got completely out of control within a few years. We have some reason to believe that the central government actually called in most of these notes and destroyed them in the 1820's.

In 1862, a group of investors and businessmen founded the bank "La Providencia," capitalized at 1,000,000 pesos through a stock issue. It began operations on 15 November of that year. Its first president was one of the most distinguished citizens of the country, Gran Mariscal Don Miguel San Roman. On March 23, 1863, the "El Peru" bank was formed, and later in the same year a Peruvian branch of the Banco de Londres, Mejico y Sud-America started business, the first foreign bank in the country.

Increasing international economic activity (especially the guano industry), as well as greater economic complexity within Peru itself, led to increasing pressure on the government to authorize discount and note-issuing banks within the country. In 1864, the Minister de Hacienda (head of the Treasury), Don Ignacio Novos, persuaded the national legislature to authorize "La Providencia" and "El Peru" to issue circulating bank notes payable to the bearer in coin at sight; initially, there was no set ratio between a bank's capital and the total face value of the amount of notes it could issue, a

problem that runs like a bloody thread through the fabric of Peruvian economic history.

Bank note issuing developed into a major industry in Peru in the later 1860's and beyond, with increasing problems for the government and citizens when it got out of hand; specifically, when the total face value of the notes the various banks issued began to exceed their net worth, especially their worth in coin and precious metals (and thus their ability to redeem notes). In February, 1866, "La Providencia" was suspended, temporarily.

In 1865, General Mariano Ignacio Prado became dictator of Peru; in 1866 he became president of the country, his term running from that year to 1868. During this period he formed the "Quadruple Alliance" against the encroachments of the Spanish, who were attempting to recover their losses following the wars of independence. His navy won the battle of "The 2nd of May," effectively ending the Spanish threat.

In October, 1867, General Don Francisco Diez Canseco led a revolt in Arequipa against the Prado regime; on 30 April 1868, the contract for the construction of the railroad from Mejico to Arequipa was given to Henry Meiggs, the American from Catskill, New York, who, following adventures in California and Chile, had come north to Peru. These events had a major effect on later activities in the economic field within the country.

In 1868, following the ouster of Prado from the presidency (he having been elected president and then having refused to obey constitutional restrictions on his power), Congress made Jose Balta president, and Canseco, the former rebel, vice president. Many public works projects, of which Henry Meiggs' railroad work was the greatest, forced a steady increase in both the number and the size of economic transactions, making more and larger banks necessary in order to issue more and more notes to keep the system running. Balta's Treasury Minister was Nicolas de Pierola, a highly educated man with an advanced degree in economics, who

was to acquire full power as dictator during the later disastrous period in 1879.

Pierola provided a temporary solution to the growing economic crisis when he negotiated a major contract in 1869 with the firm of Dreyfus Hermanos for the sale of 2 million tons of guano at 36.5 soles per ton; the money received from this source was used to reduce foreign debt as well as begin the major public works Balta planned (including the railroads).

The railroad systems begun during Balta's presidency included Mejia y Arequipa; Callao-Oroya; Chimbote-Huallanca; Lima-Huacho; Mollendo-Arequipa; and Ilo-Moquegua. All of these were contracted to Henry Meiggs. In addition, the Lima-Callao line was rebuilt. Balta's other public works, aside from the railroads, included the building of the hospital "2nd of May;" reconstruction of the Lima-Callao road and rebuilding of its port; acquisition of the Santa Beatriz hacienda as a foundation for the Institute of Agriculture; introduction of drinkable water into Pisco; the construction of the Uchusuma Canal in Tacna; formation of the new province of Tarapaca, and many others.

We can see from this the economic pressures on the central government of Peru at this time. New banks and an ever-increasing supply of bank notes were required to pay for the railroads and the many other major public works projects begun under Balta. In 1870 the Banco de Lima was founded, followed shortly after, in 1871, by the Banco de Arequipa and the Banco de Trujillo; 1872 saw the chartering of the Banco Garantizador, Banco de Tacna, and Banco Nacional del Peru. The crucial role of Henry Meiggs in this period is also clear: not only was he in charge of carrying out these major railroad construction projects (vital to the development of communications in Peru's massive mountain terrain - at one point he had to tunnel through a mountain at more than 12,000 feet elevation), but he was rapidly becoming the largest creditor of the government.

In the elections of 1872, Balta was defeated by Manuel Pardo y Lavalle,



who had been Treasury Minister (Minister de Hacienda) under Mariano Prado, and who had divided the Treasury Department into four main branches in 1867: income & taxes; bookkeeping; credit; and the profits of the guano industry. Balta was tried and imprisoned; later, he was assassinated while still in jail. He was the victim of a military conspiracy headed by the Gutierrez brothers (Tomas Gutierrez had been his Minister of War). Pardo took office on July 18, 1872.

Due to his earlier service with the Treasury, his service as President of Peru, his later service in the Senate, and his close connections with later Treasury ministers, Pardo is one of the most important figures in the development of the Peruvian economy and the handling of the problems involved with the bank notes within it.

Pardo, though he reduced the amount of public works undertaken, was yet forced to commit the government to the completion of the railroad system. During his term of office two further rail lines were begun: Arequipa-Puno-Ilo-Moquegua, and Pacamayo-Chilote-Salaverry-Ascape. As he had inherited a considerable fiscal deficit from the innumerable public works begun by Balta, he instituted a new tax on the shipping of industrial products abroad, nationalized the saltpetre mines, secured a new contract for the guano export (which, alas, did not help as much as expected due to diminishment of both the quantity and quality of the guano supply), and was finally forced to suspend payment of foreign debt, thus lowering Peru's international credit rating; this, in turn, forced him to declare an acute economic crisis.

During this period, the banks in Lima, and their branches in Trujillo, Tacna, and Arequipa, kept on issuing notes without regard for the amount of their actual coin and precious metal reserves, causing widespread inflation. By 1873, the disproportion between bank coinage reserves and the "face value" of their notes in circulation had become a major problem.

Perhaps worst of all were the "fractional currency" notes, with face

values in the 5 to 50 centavos range, these having virtually driven coined money out of the economy (as they did in the United States during the Civil War period).

In a decree of 18 December, 1873, the government placed new regulations in effect concerning the guarantee by the banks that their notes would be redeemable in specie. These included required levels of deposits by the banks in the central treasury of specific kinds of fiscal documents, primarily treasury bonds and bonds on the "Consolidated Internal Debt," that is, what we would today call the "National Debt."

Notes of the banks which complied with these terms would be accepted in payment of funds due to the government. Notes of the Banco del Arequipa were to be systematically retired or redeemed until its circulating note value complied with the new rules. This was to be accomplished by 10 February 1874.

The decrees of 18 and 31 December, 1873, both authorized and regulated the amount of notes (in terms of total face value) that each bank could issue, this being fixed as a proportion of its total deposits with the government.

The total value of notes which the various banks combined could issue was set at 5,650,000 soles. This total was distributed as follows:

Banco "La Providencia":	500,000 soles
Banco de Lima:	800,000 soles
Banco Garantizador:	100,000 soles
Banco "El Peru":	2,000,000 soles
Banco Nacional del Peru:	1,800,000 soles
Banco de Trujillo:	250,000 soles
Banco de Tacna:	200,000 soles

Inflation began again by August, 1875, with the paper sol falling to 41c coin value in the market. The decrees of 18 and 31 December, 1873, had forbidden issuance of notes by banks with less than 100,000 soles cash reserve; had forbidden issuance of

notes beyond the bank's cash reserves; forced all bank notes to be redeemable in coin whenever asked; and forbidden issuance of notes of face value below 4 soles. The fifth article required note issuing banks to deposit treasury bonds or "Internal Consolidated Debt" bonds in proportion to the amount of notes they issued.

The government had decided to accept at the treasury only notes from authorized note issuing banks which conformed to the regulations. Monthly balances were to be published, showing both the coin and bullion reserves of each bank, and also the total face value of all notes each bank had in circulation. A special "Deposit of Circulation" was to be set up by each note issuing bank as a special account, separate from the day-to-day activities of the bank's business. Each bank was to deposit into this account gold and silver, coined or in bars, whose value would be equal to the difference between the face value of its circulating notes and the value of the bonds it had deposited with the government as a guarantee of those notes.

A special director of each bank was to be elected, whose job would be to see that the gold and silver in the special account were not withdrawn and used for other purposes unless an equal face value amount of the bank's circulating notes were withdrawn from circulation. If the withdrawn notes were later returned to circulation, a matching amount of gold and silver had to be added to the special account. The banks were required to maintain a coin reserve sufficient to redeem all of their outstanding "pay to bearer on sight" circulating notes.

If at any time any bank wished to reduce the amount of notes it had in circulation to an amount below that which it was authorized to circulate, it could petition the government to have deposited bonds equal to the reduction in its amount of circulating notes returned to it. The Treasury Committee (Junta) was to witness the destruction of these withdrawn notes.

Similarly, if a bank desired to have its authorized circulation amount



increased, it could petition the government and deposit the necessary amount of bonds in guarantee. The Treasury Department was to issue non-transferable certificates of deposit to each bank for the amount of bonds it had deposited, and would calculate the quarterly interest and pay it to each bank.

The government decree of 18 December was designed to restore public confidence in the circulating bank notes by making them receivable for all public debts and taxes. This brought the panic of 1873 under some degree of control, but the government was unable to guarantee the acceptability of notes of banks which went bankrupt since it was unable to raise sufficient reserve funds through the guarantee deposits. To be able to secure the notes of failed banks, the deposits would have had to consist of at least 70% "Consolidated Internal Debt" bonds in an amount equal to the circulating notes of each bank. Unfortunately, under the regulations in force only 25% of deposits had to be in this medium, the rest being in treasury bonds.

As of 31 July 1875 the combined value of notes in circulation from all the banks totaled 9.1 million soles. The decree of 4 September, 1875, limited the grand total to 12.5 million soles. The "Great Decree" followed shortly, on 10 September, 1875, when the banks were allowed to increase the total circulating currency to 15 million soles, and only the emissions of this new date were to be fully receivable by the government. A central reserve bank was to be formed to act as a base for coin and bullion holding. Banks that failed to have 30% of their circulating note value secured by coin and bullion by December 1 of each year would lose rights and privileges.

The banks divided up the newly authorized total note emission:

Banco Nacional del Peru:	5,122,500 soles
Banco del Peru:	4,800,000 soles
Banco de Lima:	3,048,750 soles
Banco La Providencia:	1,950,750 soles

The decree of 10 September, 1875, had limited the grand total of the circulating notes of all banks to 15 million soles; the banks asked that this total be raised to 18 million soles, 14 million of which could be in current notes. This was granted. The banks provided the 18 million soles in guarantee deposits to the government: 3 million in treasury bonds; 1.1 million in short term treasury bonds due 1 November; 2 million against outstanding contracts; 2.4 million in 4 monthly installments from the 1st of October; 4 million in 16 monthly installments from the 1st of January, 1876; 2.1 million to service internal debt; 2 million in current debt in favor of the banks; and 1.4 million for redemption of authorized bonds.

The decree of December, 1875, verified the total emission of the nine authorized note-issuing banks. It increased the authorized emission totals of El Peru and La Providencia to 3,300,000 and 700,000 soles respectively.

Statements were required on a regular basis from the banks, giving the total of their coin and bullion holdings, and also an account of the amount of notes they had in circulation. The banks had to have on hand coin and bullion equal in value to 30% of their circulating notes. In an effort to stabilize the crisis, the government tied the amount of notes allowed to circulate to the amount of the income from the guano trade, perhaps the only occasion in history when government supported bank notes were officially backed by bird droppings!

In 1876, payment in specie was imposed by congress due to the critical shortage of circulating coins. This did not work, and actually made matters worse and fueled inflation. The government was soon forced to reverse the decree.

In the course of all these problems, including revolts and natural disasters, Mariano Ignacio Prado, who had been ousted from his dictatorship in Peru in 1868, returned and succeeded in defeating Manuel Pardo in the election of August 2, 1876, becoming president once again. Prado worked with the Senate and the Treasury thereafter in pursuit of a stable economy.

On January 31, 1877, Prado's government made a major effort to reduce the amount of bank notes in circulation which were not backed by the proper amount of silver and gold in the holdings of the individual banks. The text of the new decree was quite specific:

"The Supreme Government orders the associated banks 'Peru,' 'Nacional del Peru,' 'Providencia,' and 'Lima' to retire the issue of bank notes that they were previously authorized to emit, and each bank to retire in proportion to its circulation, its share of one million soles for each year since the date of the original decree [1875]. Furthermore, it orders that the banks hand over to the Treasury on a monthly basis the sum of 50,000 soles in minor silver coins, for which an equal sum in bank notes held by the Treasury will be returned to the banks, canceled, mutilated, and retired from circula-



1 Sol obverse and reverse, enlarged. Silver. (Photos courtesy of ANS.)





1876 100 soles, face and back. Issued by Henry Meiggs. Highest denomination issued.

tion; this latter provision to be in addition to the million soles referred to in the earlier part of this decree."

The greatest single government decree in the entire history of this period was that of August 17, 1877. Its many articles attempted to cover all aspects of the bank note inflation and coin shortage in a comprehensive manner. We suspect, though we have not found specific citations, that much of the work in drafting the decree was carried out by Pardo. Among other things, the decree guaranteed the notes issued by Henry Meiggs and his *Compania de las Obras Publicas y Fomento* (which, because of the immense railroad construction contracts it was handling, probably had a larger payroll than the Peruvian Army at that time!), and rededicated the government to the support of the

completion of the railroad net. It also guaranteed the notes of the associated banks up to 15 million soles. All new note issues, and all older ones which were to continue in valid circulation, were to be imprinted with the new seal of the "Junta de Empleadores y Comerciantes." The 7th, 8th, and 9th articles authorized Meiggs to issue up to 5.5 million soles with full government backing.

For our present purposes, Article 10 of the decree is crucial, as it dealt with the aims and practical methods of amortizing the circulating bank notes and thus reducing their number in an effort to combat inflation. It provided specific sources of money to redeem the notes, largely based on a new special fund for profits from the sale to foreign countries of the product of the guano industry. This decree was also quite

comprehensive and carefully worded: "The amortization [of the bank notes] will take place at the end of each month beginning with the upcoming September, and will be applied in monthly installments proportional to the fund designated in Article 10....The amortized bank notes will be burned in the presence of the Junta in a plaza of the Capitol."

At this point, clearly in anticipation of the proposed initial burning of bank notes on September 30, 1877, a series of medals were produced in commemoration of the coming event. The smallest of these medals, 18mm., silver, had a multi-rayed star on the face, with *Republica Peruana Lima* around, the back inscription reading "INCINERATION DE BILLETES DE BANCO," with "SETTIEMBRE 30 DE 1877" around; larger silver medals, 30mm. and 38mm silver, replaced the rayed star with a sunface, the legends remaining the same. There also exist 23.5mm. copper pieces with the same designs and legends. The weights and fineness of the silver pieces make it clear that they were struck at the proper weight and fineness of regular Peruvian Mint issues of the period, the silver coins being respectively of the weights of the 1/10, 1/2, and 1 sol, while the copper issue was of the proper weight for the 2 centavos. It seems beyond question that these pieces were struck by the regular Lima Mint, and were thus government issues, issued as commemoratives of this decisive step in the reduction of inflation in Peru. All are rare to very rare today, for the following reason:

The commission of the treasury known as the "Junta de Amortizacion e Incineration de billetes" was not organized until March 11, 1878, and did not begin to carry out its official



1/2 sol obverse and reverse. Actual size. Silver. (photos courtesy of ANS).



1 sol obverse and reverse. Actual size. Silver. (photos courtesy of ANS).





$\frac{1}{10}$  sol obverse and reverse.  
Actual size. Silver.

functions until July 31 of that year at the Ministry of the Treasury, thus making the 1877 dated medals obsolete; the few survivors had doubtless been distributed in advance by the mint officials to prominent persons connected with the forthcoming burning of the bank notes, and could not be recovered.

The Junta, in accordance with the order for burning the amortized bank notes, began its work in late July, 1878, destroying the sum of 2,654,000 soles in bank notes in the initial series of burnings, reducing the amount of circulating bank notes from 20,333,333.30 soles to 17,679,333.30 soles. 11,129,400 soles worth of amortized notes were received by the Junta.

Two later items in the history of the Peruvian inflation fight are of interest. The first is the law of 18 December, 1878, which authorized the striking of 5, 10, and 20 centavos coins in non-precious metals, representing fractions of the paper sol (not the silver sol), intended as coinage to redeem the fractional paper notes in circulation (many of them having been issued by Henry Meiggs). In this they are comparable to the 3c and 5c nickel coins issued in the United States in the 1860's and beyond, intended to redeem the Fractional Currency paper notes. The Peruvian government may even



2 centavos, obverse and reverse  
Actual size. Copper.

have adopted this idea from America.

The second item is the final report of the "Junta de amortizacion" on December 3, 1878, when it disbanded: it had destroyed a total of 3,504,000 soles in bank notes, lowering the amount of circulating notes to 6,829,333.33 soles. This amounts to a bit more than 17% of the circulating notes removed from the economy in about 6 months of activity. We know that the Junta not only BURNED bank notes; it also recorded the name of the bank, the denomination of the note, and the note's date of issue.

Just as Peru was entering a period of increasingly stable currency, the "Nitrate Wars" broke out in 1879. Nicolas de Pierola formed an army and attacked into Peru, seeking to oust Prado; Prado fled to Europe; Chile occupied the southern part of the country for several years; Bolivia seized parts of northern Peru; the Peruvian government was forced to flee to Cuzco; guano production and shipping abroad came to a halt. The Peruvian economy was ruined.

Manuel Pardo, who had tried so hard to bring inflation under control, never knew of these disasters. He was assassinated for political reasons in August, 1878.

#### Provisional coins of 1879



5 centavos, obverse and reverse.



10 centavos, obverse and reverse.



20 centavos, obverse and reverse.

The primary source for the translated laws, etc., in this article is *El Billeto de Banco en El Peru*, by Lizardo Alzamora Silva, published in Lima, 1932; the book having been kindly loaned to me by Dale Seppa; translations are my own.

The weights of silver medal specimens known to me are:

- 38mm: 385.5 grains  
(Standard: 1 sol = 385.78 grains)
  - 30mm: 190+ grains  
(Standard: Half sol = 192.89 grains)
  - 18mm: 36.19 grains  
(Standard: 1/10 sol = 38.6 grains)
- The copper 32.5mm piece weighs 70 grains.



1968 medal struck at the Peruvian Mint, on the centennial of Balta's election as president, and Pardo's selection as Minister de Hacienda.



# Bank Notes of Peru — "Soles de Oro 1941 through 1950"

by Ernest J. Montgomery, M.D., I.B.N.S. #5097

Since visiting Peru in January of 1989 I have remained fascinated by many aspects of its history. It is only natural that being a numismatist I became involved in the collecting of its money. In particular, I have found the paper money issued since its independence in 1879 inviting in design, challenging in its availability, and bordering on being overwhelming in its variation. Part of my fascination follows.

The Bank Notes of Peru —, "Soles de Oro 1941 through 1950," — were issued in the denominations and dates as seen in the following table:

Soles de Oro	cinco	diez	cincuenta	cien
	5	10	50	100
26.9.41	X	X	X	X
26.5.44	X	X	X	X
13.7.45	-	X	X	X
15.11.46	-	X	X	X
17.10.47	X	X	X	X
28.9.50	-	-	X	X

The absence of an "X" is indicative that no known specimen of the denomination for that date of issue is known. Each denomination is identical in its design, size, and colors for all dates of issue. The dating on the notes is the same in size, pattern, and location for each denomination. In addition, the serial numbers and serie designations show uniformity within the same denomination. The legends are the same on all denominations of notes and all contain DE ACUERDO CON LA LEY No.7137.

Examples of the serie designations are:

Soles de Oro	cinco	diez	cincuenta	cien
	5	10	50	100
	Serie-			
26.9.41	D-11	C-12	B-4	A-1
26.5.44	D-24	C-28	B-5	A-1
13.7.45	—	C-31	B-7	A-2
15.11.46	—	C-34	B-8	A-2
17.10.47	D-30	C-38	B-9	A-2
28.9.50	—	—	B-12	A-3

It is seen that the higher denominations, cincuenta and cien soles, have fewer series issued and thus fewer notes were printed. Nonetheless, these denominations were issued for every date. In contrast, it is seen that the cinco and diez soles had more series issued and more notes were printed but they were not issued on every date. Since the lower denominations were not produced

during the last issue on 28.9.50 either they had been previously produced in more than adequate quantities or, because of inflation, there was less of a need for notes of the lower denominations. In the table above it is evident that a greater number of series of larger denomination notes were issued on 28.9.50 and thus more notes printed.

The titles are the same on all denominations of each particular date of issue and they occur at the bottom left, the bottom center, and the bottom right. On all of the denominations of all the dates of issue the bottom left title is DIRECTOR. Although the titles at the bottom center and the bottom right are the same for all denominations of the same date of issue there is variation from one date of issue to another. On the notes of the earlier dates of issue, 26.9.41, 26.5.44, and 13.7.45, there are two different titles at the bottom center and three different titles at the bottom right. The notes of the later dates of issue, 15.11.46, 17.10.47, and 28.9.50, all have the same title at the bottom center, a title which is different from any of the titles at the bottom center of the earlier dates of issue. Likewise, the title at the bottom right is the same for all three later dates of issue but it is a reappearance of the title seen previously at the bottom right of the earliest issue, 26.9.41. This can be clearly seen in the following table:

	left	Title at the bottom center	right
26.9.41	Director	Presidente Del Directorio	Gerente General
26.5.44	Director	Vice Presidente	Sub Gerente
13.7.45	Director	Vice Presidente	Gerente
15.11.46	Director	Presidente	Gerente General
17.10.47	Director	Presidente	Gerente General
28.9.50	Director	Presidente	Gerente General

This table also demonstrates that there are only seven different titles and that the bottom center and the bottom right each have three different titles for the six dates of issue.

A means of assigning numbers to the locations of the titles to allow for identification is accomplished by beginning at the bottom left of the cinco soles of the earliest date of issue, 26.9.41, going through the bottom center, and then the bottom right. The numbering is continued by going from left to right through the diez soles, cincuenta soles, and the Cien soles of 6.9.41. By proceeding in the same manner through the notes of each succeeding date of issue the following table can be made:



Soles de Oro	cinco 5	diez 10	cincuenta 50	cien 100
	Location Nos.			
26.9.41	1,2,3	4,5,6	7,8,9	10,11,12
26.5.44	13,14,15	16,17,18	19,20,21	22,23,24
13.7.45	—	25,26,27	28,29,30	31,32,33
15.11.46	—	34,35,36	37,38,39	40,41,42
17.10.47	43,44,45	46,47,48	49,50,51	52,53,54
28.9.50	—	—	55,56,57	58,59,60

Signatures are assigned letters corresponding to these locations beginning with (A) being given to the No. 1 location, (B) being given to the No. 2 location and each subsequent different signature is given the next letter in the alphabet.

The same sequence is followed as with the location numbers. Thus:

1-A, 2-B, 3-C, 4-D, 5-B, 6-C, 7-E, 8-B, 9-C, 10-F, 11-B, 12-C, 13-G, 14-C, 15-H, 16-I, 17-C, 18-H, 19-J, 20-C, 21-H, 22-K, 23-C, 24-H, 25-I, 26-C, 27-H, 28-J, 29-C, 30-H, 31-L, 32-C, 33-H, 34-M, 35-N, 36-C, 37-O, 38-N, 39-C, 40-P, 41-N, 42-C, 43-Q, 44-N, 45-C, 46-R, 47-N, 48-C, 49-L, 50-N, 51-C, 52-A, 53-N, 54-C, 55-S, 56-C, 57-H, 58-T, 59-C, 60-H.

Or they can be seen in the following table:

Signature	Location
A	1,52
B	2,5,8,11
C	3,6,9,12,14,17,20,23,26, 29,32,36,39,42,45,48,51,54,56,59
D	4
E	7
F	10
G	13
H	15,18,21,24,27,30,33,57,60
I	16,25
J	19,28
K	22
L	31,49
M	34
N	35,38,41,44,47,50,53
O	37
P	40
Q	43
R	46
S	55
T	58

In looking at this table it is seen that of the twenty (20) different signatures there are twelve that occur in only one location. This means that, allowing for one signature indicating one person, 60% of the persons served in only one office and during only one date of issue. An additional four signatures each appear in two different locations for a total of eight locations. All of these appear under the title of DIRECTOR. Regarding these four signatures, two, (A) and (L), appear once on each of two

different denominations. Signature (A) appears on notes of cinco and cien soles during two different dates of issue, 26.9.41 and 17.10.47. Signature (L) is on notes of cincuenta and cien soles also during two separate dates of issue 13.7.45 and 17.10.47. The other two signatures appearing in two different locations, signatures (I) and (J), each appear on a single denomination, diez soles for signature (I) and cincuenta soles for signature (J), and both signatures occur during the dates of issue of 26.5.44 and 13.7.45. Signature (N), not appearing until 15.11.46, is seen seven times as the PRESIDENTE at the bottom center of all denominations of notes printed on 15.11.46 and 17.10.47. Signature (H) is present in nine (9) locations all at the bottom right. It has three different titles, appears on all of the four denominations, and is seen on all of the denominations during three different but not consecutive dates of issue, 26.5.44, 13.7.45, and 28.9.50. The most frequently appearing signature by far is signature (C). It appears on notes of all four denominations, during all six dates of issue, and on each of the 20 different notes. In the issue of 26.9.41 it is present at the bottom right on all denominations under the title of GERENTE GENERAL. In the issues of 26.5.44 and 13.7.45 it is found at the bottom center on all denominations under the title of VICE PRESIDENTE. In the issues of 15.11.46 and 17.10.47 it appears again at the bottom right under the title of GERENTE GENERAL. The final appearances of signature (C) are at the bottom center under the title of PRESIDENTE during the issue of 28.9.50.

The back of these notes is the same within the same denomination for all dates of issue and in all cases the printer was the American Bank Note Company.

In summary, the BANK NOTES OF PERU, "Soles de Oro 1941 through 1950," consist of four denominations having six dates of issue for a possibility of 24 different



Face and back of 100 Soles de Oro, Serie A1, May 26, 1944.



notes. However, only twenty exist since cinco soles was not issued in 1945 nor 1946 and neither cinco soles nor diez- soles- were issued in 1950. The lowest denominations were issued in multiple series during the same date of issue whereas the highest denomination, the cien soles, had the same serie for more than one date of issue. Each note contains three titles. They occur at the bottom left, the bottom center, and the bottom right. Since there are six dates and the same three titles are used for each date then there are eighteen titles. However, of these eighteen titles there are only seven different ones. A title exists at three locations on twenty notes for a total of 60 locations. These locations have been assigned numbers for identification. A signature is present at each of the 60 locations but there are only twenty different signatures. Therefore, some signatures appear more than once. The signatures are identified by capital letters. The frequency of occurrence of the signatures is such that twelve occur only once, four occur only twice each, one occurs seven times, one nine times, and one occurs on every one of the twenty notes.

In conclusion, the BANK NOTES OF PERU, "Soles de Oro 1941 through 1950," have presented an invitation to be examined and studied. This invitation has given its own reward.

In looking at the notes of one particular date of issue it is seen that the two titles at the bottom center and bottom right are the same and have the same signatures for all denominations. Although the same title, DIRECTOR, occurs at the bottom left of all denominations the signature is different for each denomination. This suggests that the title of DIRECTOR was a common one and that many persons held this title concurrently.



Face of 100 Soles de Oro, Serie A2, October 17, 1947.



Face of 100 Soles de Oro, Serie A3, September 28, 1950.

## Book Reviews

### New Chapter on Bank Legals in 5th Edition of Canadian Bank Note Catalogue

*A Review by Jerry Remick, I.B.N.S. #366*

The fifth edition of *The Charlton Standard Catalogue of Canadian Government Paper Money* was released in April 1992 at \$14.95. It is available at \$14.95 Canadian, postpaid, from Company of Adventurers, 2010 Yonge Street, Toronto, Ontario, Canada, M4S 1Z9.

The 287 page, soft cover book catalogs all issues of Canadian Government paper money starting with French Colonial playing card money of 1685-1719 through the bank notes currently in circulation. Notes are cataloged from G. or V.G. through unc. with photos of both sides of each type note presented and all descriptive dates.

New to this edition is a fascinating chapter of 12 pages on *bank legals*, which were "very large denomination notes (\$500 through \$50,000) which were not issued for general circulation. Sometimes referred to as *bank specials*, these notes were held by the chartered banks as a convenient form for the Dominion note reserves required by the bank act in lieu of gold. They were exchanged between banks in settlement of their cash balances due each other." A full page is devoted to describing each of ten issues of bank legals, giving a photograph of both sides and complete descriptive data, including valuations for proof, specimen and canceled specimens. The first bank legal was issued July 2, 1896 and the last one July 2, 1924.

### *The Coinage of Ethiopia, Eritrea and Italian Somalia*

*A review by Jerry Remick, I.B.N.S. #366*

*The Coinage of Ethiopia, Eritrea and Italian Somalia*, by Dennis Gill, was published in December 1991. It is available at \$25 U.S. plus \$2 postage for U.S. residents and \$5 postage for those residing outside of the United States, including Canadians. Copies may be had from Mr. Dennis Gill, P.O. Box 175, Garden City, New York 11530, USA.

The 342 page, hard cover book is printed on 7 1/4x10 inch pages. It is profusely illustrated with clear photographs of all type coins (including patterns and counterfeits), bank notes, tokens, medals and royal decoration medals of Ethiopia, Eritrea and Italian Somalia. In addition, there are photographs of royalty and other dignitaries from these countries as well as scenes of the countryside and native people.

The book is divided into three parts: a monetary history, a catalog section and historical highlights.

The catalog section contains very clear and actual size photographs of both sides of each piece, valuation in several conditions, and for almost each piece, notes of interest from the author's experience or research.

The bank notes of Ethiopia, Italian Somalia and Italian East



Africa are each cataloged separately. Photos of both sides of most type notes are shown. Notes are priced in four grades; the scarcest notes in good to very fine and the more common ones in very good to extra fine or unc. Four British Occupation Forces, East African Command notes are also cataloged. The pricing, done by an expert, is probably more realistic than that in the current edition of Pick's *Standard Catalogue of World Paper Money*. Many

valuations for notes in the highest grades are higher than in Pick's catalog. The detailed historical background and monetary history in this book should be sufficient inducement for any collector of these notes to purchase this book.

Clearly, Mr. Gill has spent many thousands of hours of research on the subject matter of the book and it is complete.

The text of the first and last parts is full of interesting facts on the history of

this area, that are now little known or forgotten. Ethiopia's history is traced from earliest times to the present. So interestingly presented, the book is hard to put down.

I highly recommend this book, especially to club libraries, so that a single copy can be read by many people over the next few decades and enlarge their knowledge of the historical background of this part of the world.

## Great Confederate Discovery, New Edition of Criswell (FINALLY)

by Fred Schwan I.B.N.S. L.M. #6

An important new discovery highlights the many additions to be included in the fourth edition of Grover Criswell's classic reference book, *Confederate and Southern States Currency*, which is currently at the printers.

The 130-year-old "new" note is an 1861 \$5 (Criswell T-32) piece commonly called "blacksmith note" with a black rather than a red-orange overprint. Collectors have been collecting Confederate notes for more than 100 years and this is the first time that the overprint has been reported in black rather than red-orange.

Experts have examined the note which was finished with signatures and definitely circulated. They determined that it is a contemporary product of the firm which produced the "blacksmith note," Leggett, Keatinge and Ball of Richmond, Virginia. The results of the expert examination are quoted at length in the new book. In short, the conclusion is that black ink was substituted for red-orange near the end of the production, because the printers ran out of the appropriate color or some other reason which may never be known.

Criswell calls this discovery one of the most important in the 125-year history of Confederate currency collecting. He has labeled it Criswell type 32 1/2 in the new book.

Collectors have been eagerly awaiting the release of this new edition of the Criswell catalog since supplies of the 1976 edition were exhausted nearly ten years ago. Criswell has been busy at work on the manuscript for more than five years and was close to releasing the book on several

occasions, but in each case was forced to postpone the release because of personal or business reasons.

Recently negotiations were completed with the BNR Press to publish the book. Since that time both Criswell and the publisher have been working feverishly to complete the new edition. Currently the book is at the printer and the first copies are expected to be at the ANA convention in Orlando. Criswell, an ANA past president and current member of the board of governors, very much wants the book to be at the convention and has done all that he can do, but in the worst case it will be available immediately after the convention.

The Criswell book is famous as the detailed book of Confederate varieties. This is a reputation which it deserves and which is solidified by this new edition which includes many new varieties in addition to the blacksmith note above.

Prices of Confederate notes have been soaring in the past two years and this fact is reflected in the up-to-date prices included in the book. Indeed, the last revision of the prices was done in July for an August release. This is a virtually unheard-of accomplishment in numismatic publishing.

Other important new features of the book include a major section on contemporary counterfeit Confederate notes. This chapter lists, describes, illustrates and prices the wide range of counterfeit notes which were produced during the war. Most of these pieces were made and sold by Sam Upham who was wanted dead or alive by the Confederate government.

Of course every type of Confederate

note is illustrated. This edition includes illustrations of the back of every type which was not uniface.

The catalog includes the issues of the various states issued during the Civil War. Collectors of notes from Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Missouri, North and South Carolina, Tennessee, Texas, and Virginia (in alphabetical order of course) will find important state-specific listings. Each of the state sections has also been completely revised. In most cases specialists from the respective states have collaborated, but in all cases the listings have been revised and in most cases revised to include new discoveries. For the first time, the Indian territories are included in the catalog with some remarkable listings.

Both Criswell and the BNR Press have strong ties with the *Bank Note Reporter*. Criswell founded the paper in 1973 and served as its publisher until 1976. The BNR Press is a paper money book publisher which was formerly associated with the BNR.

The book has been retypeset but retains the distinctive look which it has had since the first edition in 1956. It will be available in a durable hard binding (although both the author and publisher promise that collectors will not have to wait another 17 years for another edition!), and is expected to have 352 pages and far more illustrations than that. Retail price of the book, which will be available through most numismatic book sellers, is \$40. Readers may write the publisher for additional information at 132 E. Second Street, Port Clinton, Ohio 43452-1115.



# Bombardment by Bank Notes: The Monetary Fallout of the Yugoslav Crisis

by Michael Palairat

War, inflation and revolution must be the answers to the bank note dealer's prayer. In Yugoslavia this grim trio have opened a cornucopia of new note issues which may come to rival in complexity and diversity the output of the Russian Revolution.

Long before the war broke out, uncontrollable inflation gave rise to a stream of new national bank issues, the last of which scaled the heights of 1 and 2 million dinars. By December 1989 inflation reached a monthly 60%, partly because the state was flinging newly printed dinars on the market in order to buy up internal holdings of hard currency regardless of cost. It wanted that hard currency to back the impending financial reform.

The reform entailed slicing four zeros off the dinar, and pinning the resulting "convertible" dinar to the German mark at a ratio of 7 to 1. In January 1990 new notes appeared in the denominations of 10, 50, 100, 200, 500 and 1000 dinars, and coins for 1, 2 and 5. The reform was botched from the start because it leaned heavily on advice given by Jeffrey Sachs, the Harvard monetary guru, who mistakenly advised the authorities that it could be done almost painlessly. It couldn't, for the overissue of notes was needed to paper over colossal industrial deficits, and the reform did nothing effective to get at the root of this problem.

Western creditors and bankers were very anxious to be kind to Yugoslavia because they thought this would help the government to hold the country together, but it didn't, and the new loans went the way of the old ones.

For a time the dinar really was convertible, but the smart money could see it wasn't going to stay that way because borrowers were willing to pay interest rates of 30-40% which they would not have a hope of repaying if the currency really remained stable. So money discreetly began to leave the country. A month or two later the army demanded more money than was budgeted for it (we can see why, in retrospect). The government caved in without a fight; the army got what it wanted.

Prices failed to stabilize. The banks squeezed the enterprises, but only halfheartedly because they didn't want to be blamed for forcing them to lay off labor. Enterprises carried on losing money, and those which ran out of bank credit omitted to pay their suppliers. To help ease their plight, government obligingly opened the monetary tap a bit wider. Inflation immediately responded. By September 1990 the banks went bust because the dinar had become absurdly overvalued. It became impossible (legally) to change dinars into marks, and the banks defaulted wholesale on the foreign exchange accounts held by citizens. In so doing they wiped out the savings of a generation, just like that.

The fixed exchange rate was by now only a fiction, and the black market offered rates which diverged markedly from the official tariff. At the end of 1990 the authorities devalued (from 7 dinars to the mark to 9) and in April 1991 from 9 to 13, but it made no real difference. In early 1991 emergency money issues began to appear. The Yugo car firm, Crvena Zastava, was so illiquid that, despite defaulting on its debts to its suppliers, it could no longer garner funds to pay the work force. It began printing temporary coupons on its own "credit" for this purpose, and these seem to have circulated locally in Kragujevac. Other large firms are reported to have done likewise.

By this time Yugoslavia was breaking up. Lorry hijackings and roadblocks began to interfere with communications between Serbia and Croatia, and by July the Belgrade government was fighting its unsuccessful war against the impromptu army put together by Slovenia. Then the far more serious operations began in Croatia. In the conquered areas the army grabbed what it wanted without paying for it, but in Serb ethnic areas army notes were issued against requisitioned property and are reported to have circulated as currency.

Both Slovenia and Croatia ceased to turn over to Belgrade the customs revenues they collected and they withheld the share of the turnover tax that should have gone there too. At the same time the expenses of the Belgrade government were rising sharply. Not only did industrial subsidies rise to keep the industrial economy ticking over, but the costs of accommodating refugees also had to be met. On top of this, Serbia was busily forming costly military units of its own so, like the northern republics, to balance its own budget it diverted funds which were intended for the Federation. This left the army and the Serb enclaves in Croatia totally



1989 2 million dinars — highest denomination so far issued.



dependent on a federal budget whose only resource was the government printing press on Topcider Hill. Inflation soared.

For the time being the rubbishy Yugoslav dinar continued to circulate throughout all the former republics, but Belgrade stopped providing credits for the rebel republics to spend, and from their point of view it seemed crazy to support an inflationary currency issued for the principal purpose of keeping the army in the field against them. Therefore in the autumn of 1991 Slovenia issued a currency of its own, the tolar (dollar). Dinars were exchanged internally for tolar at 1 for 1.

Like that of Serbia, the government of Slovenia knew that in the prevailing crisis conditions it would have to overissue its notes to close big deficits and it let inflation rip. It treated this issue as temporary and abstained from attaching any designation to the notes it issued. Therefore these notes bear the name of an issuing authority, but nothing to indicate the name of the currency. The longer term intention is probably to slash two zeros off the denomination and then to issue redenominated notes in units which will be worth about a dollar.

It is alleged that when the authorities in Slovenia retired the Yugoslav dinar, they did not destroy the old dinar notes or return them to the Yugoslav national bank. Large quantities of "refugee" dinars from Slovenia are said to have migrated south, aggravating inflation in the rest of Yugoslavia. A row broke out over the circulation of the 1 million "old" dinar and equivalent 100-"convertible" dinar notes, both said to be of Slovenian provenance and unwatermarked.

At the end of the year Croatia also issued currency of its own. This currency, like that of Slovenia, was probably temporary since the notes were denominated as Croatian dinars, whereas the original intention had been to establish a currency denominated in crowns. But given the desperate conditions then pertaining in Croatia, this was not the moment to establish a stable currency. Even so, the Croatian dinar (like the tolar) went to a hefty premium on the Yugoslav dinar, and as in the Slovenian case, an alleged deluge of refugee Yugoslav dinars threatened to flood into Serbia.

To forestall this source of destabilization the Yugoslav national bank forced the withdrawal of its larger denomination notes in January 1992 and exchanged them in restricted quantities for recolored issues; the former 100-dinar note had been yellow on the face, the replacement

was olive green, the 500 had been blue, and changed to orange, the 1000 changed (I think) from orange to blue and a new 5000 appeared in response to the gathering inflationary momentum. The old 10's and 50's remained in circulation and the 200 was withdrawn altogether.

Inflation roared on; in April 1992 the retail price index rose by nearly 80% on the March level. Macedonia had long been contemplating a separation of currencies and came out with its own issue of denars. (Denominations are of 10, 20, 50, 100, 500, 1,000 and 5,000 denars. Notes of each denomination marked "Primerok" (specimen) have also appeared.) This currency conversion was agreed amicably with the national bank, and the Yugoslav notes which had been withdrawn in Macedonia were handed over to Belgrade. (They were not destroyed because the pace of inflation was so great that their availability helped ease a critical shortage of circulating medium within Serbia itself.) They are probably only a temporary issue, for the longer term aim, it seems, is to issue a currency in "staters."

Meanwhile, "Yugoslavia" has just undertaken its second currency conversion in six months. At the beginning of July the "recolored" dinars were withdrawn. New notes, still in dinars and bearing similar designs to the old, have replaced them. The only difference is that one new dinar equals ten old. The new dinars are nominally set at 200 to the dollar, but they soon fell to 245 on the street.

The changeover is linked to an attempt to control inflation (102% in June alone), but the means employed is old style Communist crookery. The money supply was shrunk by deliberately underissuing the new notes, so many people were forced to surrender their old notes for credits on their savings accounts, the value of which will rapidly be wiped out by inflation. To add insult to injury, the black marketeers were supplied copiously with the new currency, by the government of course. The aim was to force people to sell their hard currency savings to the state in exchange for dinars to buy the food they would have otherwise bought with their old dinar balances. There is no reason to suppose that this will have more than a transient effect on inflation, but it will buy the army some more ex-Soviet hardware.

The excuse for this dirty little scam was the threat of a renewed invasion of Serbia by notes from the war zones. It is reported that the Serb controlled "Knin krajina" has set up its own central bank and its own money. So too, it



1991 "recolored" issues for Yugoslavia: 500 dinars (orange); 1000 dinars (blue).





Back of 1989 1 million dinars, equivalent 100 dinars after redenomination (1990) and recolored 1991 100 dinars. First two yellow, third yellow-green.

seems, has another Serb "krajina" in Croatia, and the Serbian gangster state carved out of Bosnia is doing likewise. Its "national" currency has been printed under the authority of the Yugoslav central bank in Belgrade.

Watch out, too, for Yugoslav notes of the older denomination, circulating in the Muslim controlled areas of Bosnia and bearing the overstamp of the Bosnian government. Since Muslim control is largely confined to a few besieged towns, overprinting must have been done locally, so the notes may be distinguishable according to the town of origin. If so, a "Gorazde" note will probably become quite a collector's item. If Bosnia, improbably, survives as an independent state, the overprinted notes will in due course be replaced by a new "kulina" currency.

As well as the actual or pending issues notes above, various papers which look like currency notes have appeared in the former Yugoslav republics, for example "Srbijankas" (in denominations of 1 and 10) but these are Serbian opposition propaganda notes, and I doubt they have ever circulated as money. Issues of similar status also appeared in Slovenia and Croatia. The same

is probably true of Macedonian denominations which appeared before the introduction of the denar. One of these reportedly bore a picture of the White Tower in Salonika, signifying irredentist ambitions toward northern Greece and was calculated to give intense offense to the Greek government.

Whatever happens, we can be confident that the recent spate of new issues is by no means completed. Expect Slovenia, Croatia and Macedonia to replace their present issues with "permanent" currencies. There has been talk that Serbia's loyal sidekick, Montenegro, may bring back the perper, a currency which was introduced briefly before World War I. And when Serbia decides to end the fiction of being "Yugoslavia," then a new Serbian dinar will follow.

Which notes will be abundant and which scarce? The new Slovene, Croat and Macedonian currency notes will be cheap enough to pick up because they are all depreciating with inflation. But if suddenly recalled, the higher denominations could become scarce.

So too with the Yugoslav notes; the 1989 2,000,000 note is already scarce, and so are the "old color" issues of 200 and up. The present change of denomination will mean the 5000's dated 1991 will become scarce, and possibly the "new color" 1000's too, especially as they only circulated for six months. The best bet, I believe, will be the Muslim overprints and some of the "krajina" issues, for it is hard to imagine any of these being very durable.

Many of the issues I have mentioned will be hard to find other than around the point of issue. Most of them I cannot verify as I am not a flak-jacketed collector. There are probably others still of which I have no record. And if hyperinflation in "rump" Yugoslavia carries on, I would expect to see the proliferation of emergency printings.



"SRBIJANKA" (Serbian — woman) for "Serbian republic" — propaganda notes issued by opposition groups in Belgrade.



# A History of Paper Money Literature

by Dwight L. Musser I.B.N.S. CM #25

To one interested in the history and evolution of the literature associated with world paper money collecting, the arrival of the fifth issue of *MRI Banker's Guide to Foreign Currency*, Spring, 1992 Edition, once again served as a reminder that commercial currency exchange information can enhance collector knowledge.

The *MRI Banker's Guide* is primarily a commercial handbook. The current issue consists of 180 pages of data on world currency for use by banks, currency exchanges, international business operations, libraries, travel agents, professional numismatists and hobbyists. The purpose of the publication is to identify international paper money that has exchange value, and by inference, of course, that which does not. A distinction is made between current notes and outmoded but still

redeemable issues. In order to present this information it is necessary to show illustrations and to give descriptive matter which is useful to the collector as well as the commercial user.

The publisher of *MRI Banker's Guide*, Monetary Research International of Houston, Texas, acknowledged the collector link by offering special discount subscriptions to members of the International Bank Note Society as well as by soliciting advertisements from the publishers of the *Standard Catalog of World Paper Money* and world paper money dealers. The utility of the publication to the average collector, or for that matter the beginning or advanced collector, is something that must be decided on an individual basis. With a regular subscription price of \$200.00 per year,

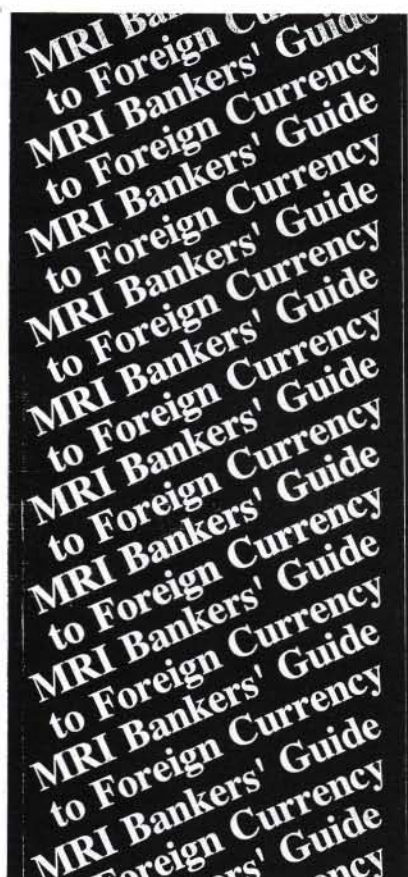
collectors would have to weigh the usefulness of this publication rather carefully. The wise procedure would be to examine a copy before putting down this kind of money.

Collectors of earlier years, in the 1950's for instance, would have considered such a compendium of world currency information a blessing beyond their wildest dreams. It is nearly impossible today to imagine the paucity of relevant information that confronted the budding world paper money hobbyist of that era. As collectors accumulated random assortments of notes, their desire for additional facts about them increased and these facts proved illusive indeed. Even basic data as to what denominations of currency had been issued by the various countries was extremely difficult to come by. Since specific "collector information" was in limited supply, commercial information was sought out in order to fill the void.

Numismatic bibliographies, book price lists and auction catalogs still sometimes include the title *Gutttag's Foreign Currency and Exchange Guide*. Published in 1921, this 130 page volume featured currency, gold and exchange rates. It was strictly a commercial resource with no thought given to possible collector utilization. In spite of this limitation at least it was in English and collectors attempted to glean some helpful data from it.

Other commercial publications in various languages, though used sparingly by American collectors, did sometimes find their way into their meager reference material files.

Beginning in 1923, the International Criminal Police Organization (INTERPOL) published *Counterfeits and Forgeries*. Part 1: *Forgeries* was of little use to most collectors but *Part 2: Money in Circulation* did have illustrations and descriptive material of value. However, the loose-leaf service offered by subscription was



Fall 1991 Edition



prohibitively expensive and little used by collectors.

Two handsome volumes, *Die Notenbanken Der Welt* (Vol. 1 588p., Vol. 2 652p.) by Dierschke and Muller were published in Berlin in 1926. Although packed with information about banking regulations, amounts of currency issued, capitalizations, reserves, etc., the books were of little practical use to English-speaking collectors and indeed remain obscure even today.

*Manuel Pratique du Change des Monnaies Etrangères* (Paris) went through many editions. Founded in 1931, this currency information service produced both books (the tenth edition, 1963, consisted of 374 pages and 84 plates) and quarterly bulletins of 12 pages or so called simply "Change." As the title indicates, the purpose was to record any changes occurring in coinage and paper money worldwide. Reports of new currency issues were of particular interest to collectors. Not limited to dry facts alone, the bulletin included articles, bibliographies and reviews. For many years this writer exchanged information with the editor and received a complimentary subscription.

Throughout much of his four decades of involvement in world paper money activities the writer was aware of a commercial source known as *Pick's Currency Yearbook* (named for Franz Pick, apparently no connection with Albert Pick). If economics was not already known as "the dismal science," it would have become so if Franz Pick had had any influence. His calling in life was to chronicle the inevitable downward spiral of paper money values worldwide. The demand for this kind of information sustained Pick's work year after year.

The extent to which this information was utilized by collectors is unknown, but the suspicion is not much. Numismatic bibliographies, literature auctions and book price lists rarely, if ever, include the title.

After 22 years of publication, *Pick's Currency Yearbook* was taken over by a new publisher and renamed *World Currency Yearbook* without much notice by the numismatic press or collecting fraternity.

With such a title, one would expect it to be better known to the hobby segment.

An examination of the 1984 edition of *World Currency Yearbook* does indeed yield some information of a numismatic nature. Impressive in appearance, the 958 page, hard cover tome weighs in at just over five pounds. (Philip P. Cowitt, editor. Brooklyn NY) Picks's pessimistic or realistic bias, the inexorable decline of paper money values, continues to be the underlying theme. However, along with statistical and scientific reporting can be found a number of items of interest to the collector.

After a list of abbreviations and a useful monetary glossary comes a section on "Currency Trade Areas" with a chart showing which countries belong to the ten major markets plus the independents. Additional topics with charts include "Destruction of Paper Money, The Life Span of Currencies, Currency Circulation per Capita, Black Market Activity," etc.

By far the bulk of the *Yearbook* consists of "Complete Descriptions of 112 Currencies." Each country is introduced with an illustration of a representative paper note followed by a varying number of two-column pages of text and information tables. Any collector wanting more depth and breadth of understanding of the currency of his/her favorite country or geographical area could profit from reading this material. One caveat however: by "complete descriptions" this book does not mean the physical properties of individual notes but rather the country's currency in general.

The "commercial" category might also include books on banking, financial history and economics. Most of these were a trifle heavy for the paper money collector forming a general collection, but they did find some acceptance and today a good number of them may be found in personal and organizational libraries. The lending libraries of the International Bank Note Society have a substantial representation of such volumes.

Paper money had attracted the attention of some collectors and numismatic scholars for several

years. A considerable body of certain types of information, in the form of articles and books, did exist in the 1950's. World War I had produced a flood of emergency, occupation and war-related issues, a scenario that was repeated in World War II, resulting in greater awareness of "foreign money" and heightened collector interest.

In Germany, Dr. Arnold Keller (PhD. in oriental languages and numismatics) started collecting German notgeld soon after the first emergency issues appeared in 1914 and went on to collect, study and document the successive "waves" of issues that included the numerous small-size local issues of 1916-20, the collector-oriented "series" notgeld of 1921 and the high value inflationary issues of 1923. Keller eventually produced catalogs of every category of notgeld and went on to pioneer areas of more general interest, while always remaining somewhat Eurocentric in outlook. Since the exigencies of war had brought about the issues that first attracted his attention, he tended to categorize all currency in terms of war, producing general catalogs on the paper money of World War I and World War II. As collector interest widened, he was urged to expand his coverage. As a result, he began work on a worldwide catalog of paper money that would include modern issues.

Keller had always done his work in the German language. It is somewhat ironic that his first truly worldwide catalog was to be published in English. Collectors were pleased when copies of *Paper Money of the World, Part I: Modern Issues of Europe* (1956 New York 88pp.) became available. Unfortunately, this catalog ran afoul of U.S. regulations regarding currency illustrations in force at the time. Consequently the bulk of the printing was confiscated by the Secret Service. The publisher, Royal Coin Co. of New York, lost interest in the project and Part II languished.

The "Keller Manuscript" has a checkered history. An early version of this first attempt at a world paper money catalog was submitted to this writer for possible publication. Quite frankly, it was something of a mess



and would have required considerable reworking, "anglicizing" and editing. Economic and technical realities of the time would have dictated a mimeographed edition. (Most of Keller's "European" catalogs were produced by a primitive hectograph or ditto-like process or mimeographed in tiny editions.) It is a commentary on the state of the hobby that Keller was willing to give the manuscript to a prospective publisher with little expectation of financial compensation.

While general works on paper numismatics were nearly nonexistent prior to 1960, articles and books on *individual countries* could be found. Reference material on such specialized topics as Confederate, broken bank, emergency, prison camp, military, colonial and revolutionary paper money was also to be had in the form of books, monographs and articles in periodicals like *The Numismatist* and *Numismatic Scrapbook Magazine*. For those who could read French, good information was being published in *Bulletin de la Societe d'Etude pour l'Histoire du Papier-monnaie* in Paris, but for the emerging general world paper money collector it was a situation that left much to be desired.

An early attempt at an exclusively collector-oriented, world-encompassing publication in English was *World Paper Money Collectors Guide*, edited and compiled by this writer and self-published in 1959. Primitive by the standards of today, the 28 8 1/2x11 pages of information were neatly typed, mimeographed and "bound" in printed card covers. While by no means a comprehensive catalog of notes, it was a ground-breaking effort just to *list*, with minimal numismatic data, the countries that had issued paper money. Nobody had done that before for the English-speaking collector. Quite possibly it had not been done in any other language either. With the gracious cooperation of Dr. Keller, an attempt was made to indicate the categories of notes issued along with the earliest known issue dates. Also included was miscellaneous

information such as names of note issuing authorities by continents and a listing of Japanese invasion money. As limited and naive as this publication was, for the first time American collectors had a "book" addressed exclusively to their needs and the outlines of a recognizable hobby were becoming apparent.

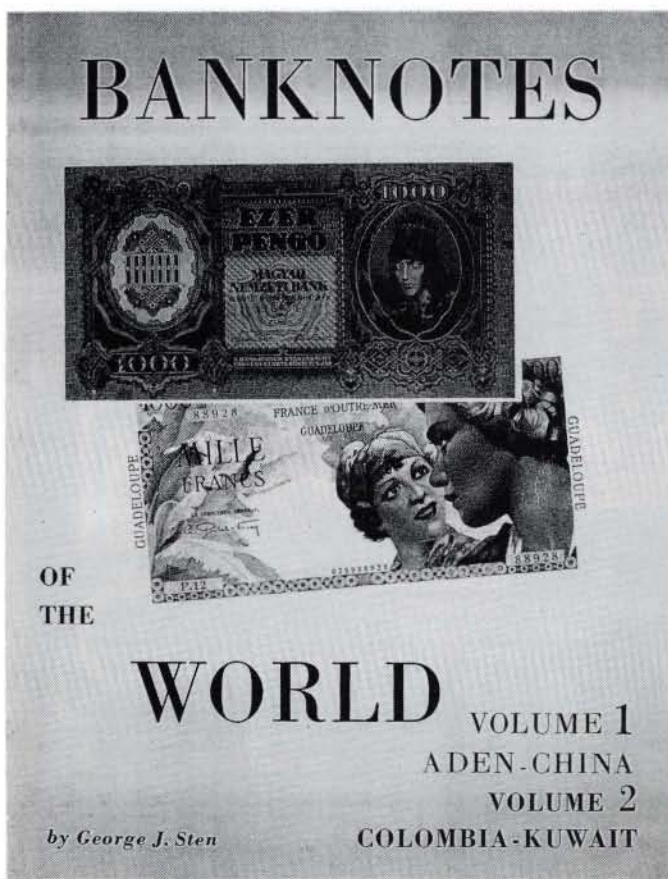
Although the *Collectors Guide* listed the countries of the world and gave some facts about currency issues, it did not attempt to indicate the denominations currently being issued by the various countries. While this information could be gleaned from fairly inaccessible "currency guides," it was not readily available in any convenient manner.

The first attempt to provide collectors with this basic information came in the form of *World Coin and Currency Handbook* by George Sten and Dwight L. Musser. Published by Manor Press (1960 Dunbar WV), this slender *printed* booklet of only 20 pages was a significant event welcomed by an information-hungry and growing hobby. Only those who have pioneered areas themselves will

appreciate the time and effort involved in putting together such a seemingly simple reference for the first time. As in many other endeavors, things look easy and uncomplicated after someone else has done it.

For George Sten, this little handbook was only a stepping stone toward his vision of a detailed world paper money reference book for collectors. He went on to compile his *Encyclopedia of World Paper Money* (1965 Port Washington NY 152pp.), a welcome treasure house of information in its time, and his monumental *Banknotes of the World*. The latter was a nearly superhuman attempt by one person to compile a descriptive catalog of world paper money for collectors. Since desk-top publishing was unheard of, Sten laboriously typed the material, fitted in currency illustrations, made headings and charts, copied signatures and foreign scripts, one fact-filled page at a time.

Two volumes, 1. *Aden-China* (1967 Menlo Park CA 199pp.) and 2. *Colombia-Kuwait* (194pp.), were completed before Sten's tragic and untimely death in 1967.





It would be unseemly not to give full credit to later efforts, notably those of Albert Pick which culminated in the *Standard Catalog of Paper Money*, but in detailing earlier accomplishments it is impossible to say too much in praise of George Sten. His passion for assembling facts and presenting them in useful form reflects a rare dedication if not an obsession. By whatever characterization, he almost single-handedly catapulted the hobby into the information age. He generously acknowledged the help of others in his projects, but he did what no one else could have done or was willing to do in those formative years of the hobby.

Giving praise and credit always involves risk. Some contributors worthy of notice may be left out. However, it is not the intention of these remarks to acknowledge all of the many other people who may have contributed significantly to the growth of information resources. Such a task would take much more space and in the end

would prove to be inadequate.

The general information situation in the mid-1960's is perhaps best revealed in a perusal of *Select Numismatic Bibliography* (New York 1965). In this 406 page volume, Elvira Eliza Clain-Stefanelli, Associate Curator, Division of Numismatics, Smithsonian Institution, attempted the herculean task of listing every known significant book, article and publication of a numismatic nature. Covering coins, medals, tokens, decorations, paper money and literature, this book gives less than two pages to "Paper Money, General Works." Of only 21 entries, five are Keller's catalogs in German and the majority of the remainder are in languages other than English. Furthermore, several of the entries are not *general works* on paper money at all but rather miscellaneous and specialized publications that did not fit conveniently under one of the "country" headings.

The only truly general works in English included in this bibliogra-

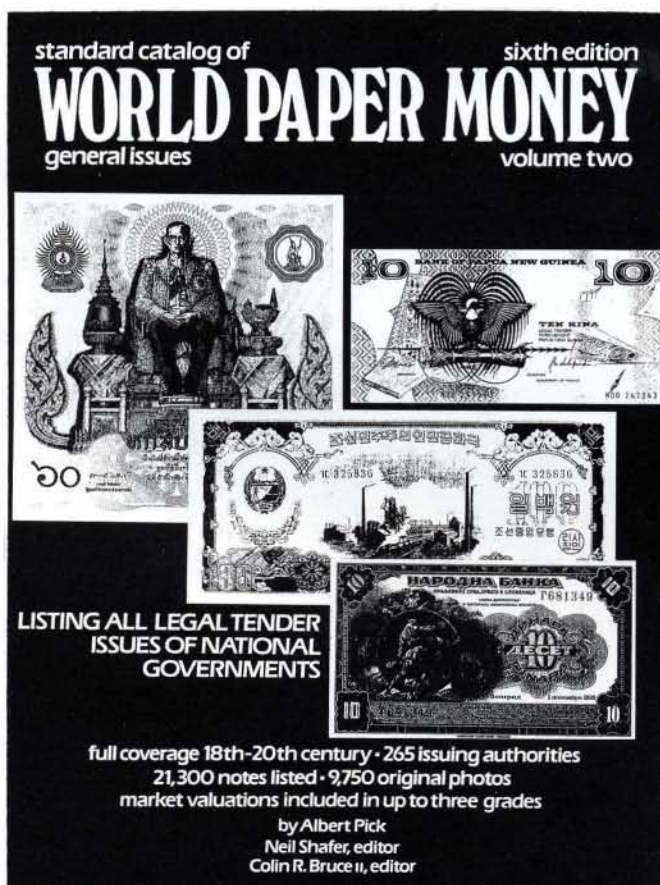
phy were Keller's ill-fated *Paper Money of the World, Part 1. Modern Issues of Europe*, Walter M. Loeb's *Catalog of Paper Money Around the World* (1961 Port Washington NY 75pp.) and *World Coin and Currency Handbook*. Fred Reinfeld's *The Story of Paper Money* (1957 New York 128pp. Rev ed: 1960) might be considered a general work but it was mostly narrative with a random "catalog" of notes with valuations that had limited impact on the hobby in general.

*World Paper Money Collectors Guide* was not included in the bibliography since it had very limited circulation - mainly among members of the World Paper Money Club.

Under the rubric "Various Countries," the bibliography had about 18 pages of entries of books and articles dealing with the paper money of specific countries. The lion's share of space went to the United States, with smaller sections devoted to China, France and Germany. A total of 46 country headings were used with some having only one entry. This view of world paper money collecting information resources in the mid-1960's reveals a hobby that had a long way to go.

The explosion of carefully researched and professionally presented information that has occurred over the last two decades affords today's collectors the happy option of picking and choosing from an array of catalogs, books, journals, periodical articles and organizations devoted to enhancing enjoyment of his/her hobby and to increasing his/her knowledge. Commercial channels, such as currency guides for banks and exchange firms, have played some role in the process and continue to do so. It seems not inappropriate to take note of this contribution as part of our collective collecting journey.

NOTE: *MRI Bankers Guide to Foreign Currency* is available to the numismatic community at a discount price of \$120.00 for four issues. Single copies are \$40.00. The address is: Monetary Research International, Box 3174, Houston TX 77253.





## MINUTES OF THE MEETING OF THE EXECUTIVE BOARD OF THE INTERNATIONAL BANK NOTE SOCIETY

20 JUNE 1992, MEMPHIS, TENNESSEE

The meeting was convened by President Reedy at 7:30 a.m. in the Memphis Room of the Holiday Inn, Memphis, Tennessee.

President Reedy reported the results of the election. After appointments were made in accordance with Article III, Sections 1 and 4, of the by-laws of the Society, the Executive Board was duly constituted with voting members as follows:

President	Clyde Reedy (USA)
1st Vice-President	Lance Campbell (USA)
2nd Vice President	Jos Eijssermans (Netherlands)
General Secretary	Milan Alusic (USA) [Appointment reconfirmed]
Assistant General/ Recording Secretary	Suresh Gupta (UK) [Appointment reconfirmed]
Treasurer	William Stickles (USA) [Appointment reconfirmed]
Directors (17)	Cem Barlock (Turkey) Milt Blackburn (Canada) Joseph Boling (USA) Weldon Burson (USA) Don Cleveland (Trinidad & Tobago) Peter Eccles (New Zealand) Steve Feller (USA) Robert Kovary (UK) Bob Lahre (USA) Neil Shafer (USA) Mel Steinberg (USA) Brian Stubbs (USA) Francis Thornton (UK) Michael Turner (Germany) Richard Underwood (UK) Ludek Vostal (Czechoslovakia) James Warmus (USA)
Hon. Dir. for Life	Ruth Hill (USA)
Immed. Past Pres.	Colin Narbeth (UK)
Legal Counsel	William Mross (USA) [appointed vice Eric Newman (USA)]
Chair, Education	Larry Smulczenski [appointed vice Neil Shafer (USA)]
US Auctioneer	Bob Brooks [appointment reconfirmed (USA)]
UK Auctioneer	Roy Spick [appointment reconfirmed]

In addition, the following appointments [w/o ex-officio status] were made:

Advertising Manager	Joe Boling
Asst. Advertising Mgr.	Pam West
Assistant Treasurer (UK)	Saroj Gupta
Awards Program Manager	Milt Blackburn
Archivist/Historian	Peter J. Rader
IBNS Research	John Humphris
US Librarian	Angus Bruce
European Librarian	Michael Turner
Young Bank Note Collectors Committee	Joel Shafer

Members Present: President Reedy, 1st Vice-President Campbell, 2nd Vice-President Eijssermans, General Secretary Alusic, and Directors Burson, Campbell, Feller, Hortmann, Lahre, Shafer, and Steinberg. Also present were Education Committee Chairman Smulczenski and US Auctioneer Brooks.

General Secretary Alusic reported that during the year ending 31 May 92, there were 252 new members enrolled, 37 members reinstated, 134 members dropped for nonrenewal, 16 resignations, and 3 deaths. Overall membership increased by 136, bringing total I.B.N.S. membership to approximately 2131. Alusic reported that the Society now has members in 82 countries, with the five countries having the largest number being the USA (768), UK (545), Australia (116), Canada (103) and Germany (67).

Treasurer Stickles, who was absent due to health problems, provided the Board with a copy of the Treasurer's report for the Society's Fiscal Year ending 31 Dec 91. The Society's net assets and fund balances as of that date were \$105,146.30, of which \$41,781.41 are in restricted funds (Life membership, Publications, etc.). During 1991, expenditures exceeded receipts by approximately \$7,487.

Journal Editor Feller reported that future issues of the *Journal* will be expanded from 44 to 48 Pages and that he has a backlog of submissions which will enable him to maintain the 48 page format for several issues. Costs of the *Journal*, especially in relationship to the SPMC publication "Paper Money," were discussed. It was difficult to make comparison, because our accounting method was not identical with theirs and the costs reported by SPMC did not include mailing. The consensus of the Board was that we are doing well, cost-wise, especially in light of the quality of the *Journal* and the vital role it plays in the Society. Editor Feller was commended formally for the outstanding job that he is doing.

Journal Editor Feller presented to the Board a final copy of a complete index of all articles which have appeared in Volumes 1-30 of the *Journal* which was prepared by European Librarian Michael Turner. The Board formally thanked and commended Mike for his outstanding achievement and exceptionally significant contribution to I.B.N.S. and to the paper money hobby by producing an invaluable research tool. After much discussion as to the most cost-effective method, both to the Society and to the members, of printing and distribution, the following motion was made (Shafer), and seconded (Feller): "That the title of the *I.B.N.S. Journal Index* be generic. No advertising will be accepted. The *Index* will be distributed free to members upon request to the Journal Editor." MOTION PASSED.

Awards Chairman Blackburn announced the following awards for 1992. The Fred Philipson Award for the best article in Volume 30 of the *Journal* went to Bob Lahre and Weldon Burson. The Ward Smith Award, sponsored by the Chinese Bank Note Collectors Society, for the best 1991 *Journal* article on Chinese bank notes, went to Lance Campbell. The Amon Carter Award for the best world paper money exhibit was won by Armen Youssefi. The BNR Press Book of the Year Award went to Holger Rosenberg. President Reedy informed the Board that appropriate plaques/trophies had been procured and would be presented to the recipients at the Annual General Meeting later in the day.

Grievance/Discipline Committee Chairman Burson provided an update on outstanding actions. Motion was made and seconded that William J. ULRICH (LM-46), who is now imprisoned after having been convicted of a felony, be expelled from I.B.N.S. in accordance with Article II, Section 7d of the bylaws of



the Society. MOTION PASSED. Motion, pertaining to former member Robert Lewis who had let his membership lapse before a grievance process could be initiated, was made and seconded that "The Board notes that a number of complaints have been received against former Robert Lewis, #4599, of Barnet, Herts, England, doing business as "Just Notes" concerning sale of repaired notes. Since Mr. Lewis has let his membership lapse, the Board cannot process these complaints under the expulsion procedures set forth in the bylaws. However, in view of the pattern of such complaints, the Board instructs the General Secretary that any application by Mr. Lewis for renewed membership must be referred to the Executive Board for review." MOTION PASSED. Motion was made and seconded "That the bylaws language that "Life Membership is a privilege available, upon application..." be interpreted to mean that each application must be approved by the Board." MOTION PASSED. Burson also reported that there have been complaints against Victor S. Holden (#5250) of Hong Kong concerning Mr. Holden's activities with respect to the HongKong Chapter of which Mr. Holden is founder and apparent Chairman. Burson advised that Holden has failed to respond to any of his inquiries concerning these complaints.

Secretary Alusic stated that David Hollander (#2816) had applied for Life Membership. Motion was made and seconded to approve Mr. Hollander's application for Life Membership. MOTION PASSED.

Al Hortmann, publications mailing chairman, reported that sales of I.B.N.S. society publications in stock has been slow. He pointed out that whenever a flyer advertising publications is sent out with another mailing response is fair, but mainly from newer members. More innovative and effective advertising is needed. Lance Campbell, in his capacity as Publicity Chairman, was authorized to take appropriate action to stimulate sales. He will formulate an advertising budget to this end.

US Auctioneer Brooks submitted a written report concerning Auctions 41 and 42. Both auctions resulted in modest profit to the Society. Motion was made and seconded that the provision of the auction rules calling for submitters to be charged a 10% fee for unsold lots be deleted. MOTION PASSED.

The Board thanked Neil Shafer for his service as Chairman of

the I.B.N.S. Education Committee and welcomed Larry Smulczenski in that position. Smulczenski had no report to make. After discussion the board voted to rename the position of Chairman, I.B.N.S. Research as I.B.N.S. Research Assistance Coordinator and place it within the Education Committee where the incumbent would report to and operate under the guidance and supervision of the Education Committee Chair. John Humphris was reconfirmed as incumbent.

The subject of what should, and should not, be included in official I.B.N.S. mailings, especially welcome packets to new members, was brought up for consideration. After substantial discussion, MOTION (Burson) was made and SECONDED (Brooks): "RESOLVED THAT any welcome packets sent to new members shall contain *only* I.B.N.S. publications." MOTION PASSED UNANIMOUSLY. The Board directed the President to insure compliance.

President Reedy briefed the Board on goals and objectives he would like to see established for and accomplished by I.B.N.S. during the 1992-1994 term of office. Among these are: obtaining a United Nations Charter for I.B.N.S. as a not-for-profit educational organization; increasing membership enrollment, retention and participation; streamlining the grievance and disciplinary process, and making it more effective, but not letting it be perceived as or become a "bill-collecting method"; a program of formal chapter certification and with it assistance, where possible, to the chapters in furtherance of their activities. MOTION was made and seconded to authorize the President to investigate the possibility and procedures to be followed in obtaining a UN Charter, and to report to the Board as to his findings. MOTION PASSED. 2nd Vice-President Eijssermans, in his capacity as Chairman of the Membership Committee shall contact each chapter and formulate a plan to implement a "Chapter Certification and Enhancement Program." In support of the objective to increase membership enrollment, 1st Vice-President Campbell will explore methods of advertising I.B.N.S. (to include but not necessarily limited to exchange of ads with other Societies) and include a line item for same in his advertising budget mentioned above.

There being no further business to be brought before the Board, the meeting was adjourned at 10:35 AM.

## MINUTES OF THE BOARD OF DIRECTORS MEETING OF THE INTERNATIONAL BANK NOTE SOCIETY

19 JUNE 1992, MEMPHIS, TENNESSEE

The meeting was convened by First Vice-President Reedy at 7:30 AM in the Memphis Room of the Holiday Inn, Memphis, Tennessee in conjunction with the 16th International Paper Money Show. Primary purpose was, as an out-going Executive Board, to complete items of business left over from the April Board meeting in Maastricht. Members Present: 1st Vice President Reedy, General Secretary Alusic, and Directors Burson, Campbell, Hortmann, Lahre, Shafer, Smulczenski and Steinberg. Also present were Journal Editor Feller, US Auctioneer Brooks and members Jos Eijssermans and Brian Giese.

Weldon Burson, Chairman of the Grievance and Discipline Committee, summarized the pending cases against Joseph Roman, dba Knight Roman Corporation (#4824), of Wroclaw, Poland and Simon Abourjeily (#4969) of London, England. By vote in accordance with Article II, Section 7 of the by-laws of the Society, both members were EXPELLED for violation of the

Society Code of Ethics.

Mr. Burson proposed a revised set of procedures to be followed in implementation of Article II, Section 7 (Expulsion and Disciplinary Action) of the by-laws. After discussion, the motion was made (Shafer), seconded (Lahre) and passed that the proposed procedures be adopted.

First VP Reedy briefed the Board on recent developments concerning Assistant General Secretary Suresh Gupta. Motion was made (Smulczenski), seconded (Shafer) and passed that the Board express its thanks and gratitude to Mr. Gupta for his service as Assistant General Secretary and request that he continue in this position.

1st VP Reedy, on behalf of I.B.N.S., thanked all members for their services during the past term of office.

There being no further business, the meeting was adjourned at 9:25 AM.



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### *I.B.N.S. Journal Index* Available for Free

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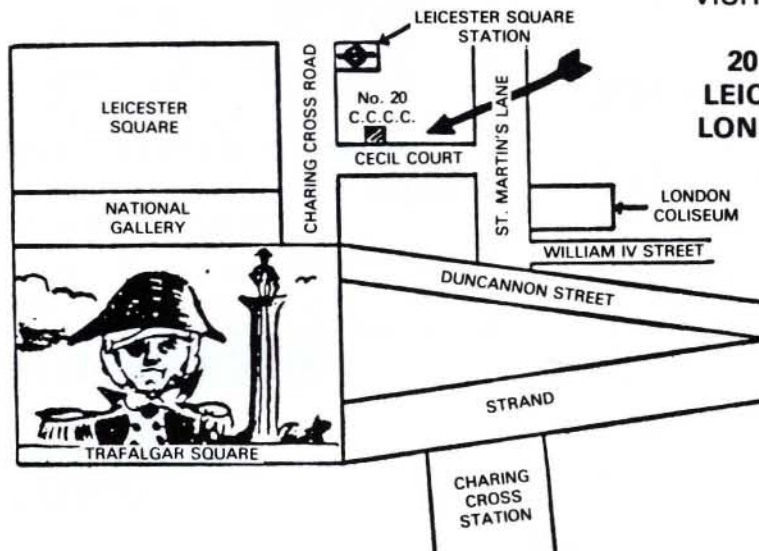
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